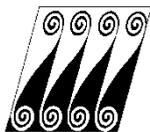


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TEXWINCA HOLDINGS LIMITED

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/>

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTION IN RELATION TO RENEWAL OF TENANCY AGREEMENTS

On 28 March 2024:

- (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.

The reason of the transactions is for the renewal of existing lease agreements which will expire on 31 March 2024.

Each of Mountain Rich, Latex and Winson Link is a connected person of the Company within the meaning of the Listing Rules by virtue of its being a wholly-owned company of Mr. Poon who is an executive director and executive chairman of the Company. Accordingly, the Tenancy Agreements constitute connected transactions and a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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 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.

** For identification purposes only*

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.

TENANCY AGREEMENTS

A. Backgrounds and Reasons

(1) 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

On 28 March 2024, 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. The term of the tenancy agreement is for a period of two years commencing from 1 April 2024. The monthly tax-included rent payable under the tenancy agreement is RMB494,270 during the term of the tenancy agreement.

In accordance with the tenancy agreement, the above-mentioned monthly tax-included rent will be adjusted by the following terms:

- If Tianjin Dafu's net profit for the period from 1 April 2023 to 31 March 2024 reaches RMB8,000,000, the monthly rent for the period from 1 April 2024 to 31 March 2025 will be increased by 10% from the original monthly tax-included rent (RMB494,270), i.e. the monthly tax-included rent is RMB543,697; and
- If Tianjin Dafu's net profit for the period from 1 April 2024 to 31 March 2025 reaches RMB10,000,000, the monthly rent for the period from 1 April 2025 to 31 March 2026 will be increased by 20% from the original monthly tax-included rent (RMB494,270), i.e. the monthly tax-included rent is RMB593,124.

The reason of the transaction is for the renewal of an existing lease agreement which will expire on 31 March 2024 and Tianjin Dafu intends to continue to lease the property as retail outlets.

(2) Tenancy Agreement in relation to the lease of 22 Perkins Road, Jardine's Lookout, Hong Kong

On 28 March 2024, 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. The term of the tenancy agreement is for a period of two years commencing from 1 April 2024. The monthly rent payable under the tenancy agreement is HK\$400,000 during the term of the tenancy agreement.

The reason of the transaction is for the renewal of an existing lease agreement which will expire on 31 March 2024 and Win Ready intends to continue to lease the property for the provision of a director's quarter.

(3) 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

On 28 March 2024, 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. The term of the tenancy agreement is for a period of two years commencing from 1 April 2024. The monthly rent payable under the tenancy agreement is HK\$55,832 during the term of the tenancy agreement.

The reason of the transaction is for the renewal of an existing lease agreement which will expire on 31 March 2024 and Win Ready intends to continue to lease the property as a training centre of the Group.

B. Right-of-Use Assets and Annual Caps

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

(1) Connected Transactions - Fixed Lease Payments

According to HKFRS 16, 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 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\$27,000,000. 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 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.

(2) 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 2025 and 31 March 2026 is HK\$800,000 and HK\$1,600,000 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.

C. Reasons for and Benefits of the Tenancy Agreements

The reason of transactions is for the renewal of each of the existing lease agreement which will expire on 31 March 2024. The terms of the Tenancy Agreements are arrived at after arm's length negotiations between the landlords and the tenants, and the monthly rents of the Tenancy Agreements are determined with reference to comparable market rents.

The directors of the Company (including its independent non-executive directors) considered that the transactions are entered into in the ordinary and usual course of business of the Group, the terms of the Tenancy Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

D. Listing Rules Implications

Each of Mountain Rich, Latex and Winson Link is a connected person of the Company within the meaning of the Listing Rules by virtue of its being a wholly-owned company of Mr. Poon who is an executive director and executive chairman of the Company. Accordingly, the Tenancy Agreements constitute connected transactions and a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

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 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.

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.

Mr. Poon, the executive chairman of the Company, abstained from voting on the Board resolutions of the Company approving the Tenancy Agreements. Save as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, no other Director has material interest in the Tenancy Agreements and accordingly, none of them is required to abstain from voting on the Board resolutions for consideration and approving the same.

The details of the transactions under the Tenancy Agreements as required under Rule 14A.71 of the Listing Rules will be included in the Company's next published annual report.

INFORMATION ABOUT THE PARTIES

The principal activities of the Group include the production, dyeing and sale of knitted fabric, yarn and garments; the retailing and distribution of casual apparel and accessories; the provision of franchise services and properties investment.

Mountain, Rich Latex and Winson Link are direct wholly-owned by Mr. Poon and principally engaged in properties investment.

DEFINITIONS

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

“Board”	the board of Directors;
“Company”	Texwinca Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person”	has the meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries from time to time;
“HKFRS 16”	Hong Kong Financial Reporting Standards 16 “Leases”, 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 PRC;

“Latex”	Latex (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Poon;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mountain Rich”	Mountain Rich Limited, a company a company incorporated in the British Virgin Islands with limited liability and wholly-owned by Mr. Poon;
“Mr. Poon”	Mr. Poon Bun Chak is an executive director and executive chairman of the Company;
“percentage ratios”	has the meaning ascribed to it under the Listing Rules;
“PRC”	the People's Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tenancy Agreements”	collectively the following agreements: <ul style="list-style-type: none"> (1) the tenancy agreement dated 28 March 2024 entered into between Mountain Rich as landlord and Tianjin Dafu as tenant in relation to the lease of Tianjin Bin Jiang Fu Shi Commercial Building at 282 Bin Jiang Road, He Ping Qu, Tianjin, China; (2) the tenancy agreement dated 28 March 2024 entered into between Latex as landlord and Win Ready as tenant in relation to the lease of 22 Perkins Road, Jardine’s Lookout, Hong Kong; and (3) the tenancy agreement dated 28 March 2024 entered into between Winson Link as landlord and Win Ready as tenant 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;
“Tianjin Dafu”	Tianjin Dafu Friendship Baleno Company Limited, a company incorporated in the PRC and a non-wholly-owned subsidiary of the Company which is principally engaged in retailing and distribution of casual apparel and accessories;
“Win Ready”	Win Ready Industrial Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company which is principally engaged in investment and properties holding;

“Winson Link” Winson Link Enterprises Limited, a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Poon; and

“%” per cent.

On behalf of the Board
Poon Bun Chak
Executive Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Ho Lai Hong and Mr. Poon Ho Tak; and the independent non-executive directors of the Company are Mr. Cheng Shu Wing, Mr. Law Brian Chung Nin and Ms. Lin Kit Yee Anna.