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## **HINGTEX HOLDINGS LIMITED**

### **興紡控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1968)**

## **CONNECTED TRANSACTIONS RENEWAL OF TENANCY AGREEMENTS**

### **RENEWAL OF TENANCY AGREEMENTS**

Reference is made to the section headed “Continuing Connected Transactions” in the Prospectus, which contains details of the 2017 Tenancy Agreements.

On 4 January 2021, HWT (an indirect wholly-owned subsidiary of the Company), as tenant, entered into the 2021 Tenancy Agreements with Star Alliance (a connected person of the Company), as landlord, to renew the leases of the premises under the 2017 Tenancy Agreement II, 2017 Tenancy Agreement III and 2017 Tenancy Agreement IV (all of which were expired on 31 December 2020), respectively.

Among the 2017 Tenancy Agreements, the 2017 Tenancy Agreement I was expired on 31 July 2020. As such, on 1 August 2020, HWT (as tenant) entered into the 2020 Tenancy Agreement with Star Alliance (as landlord) to renew the lease of the premises under the 2017 Tenancy Agreement I.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as Star Alliance is owned as to 25% each by Mr. TH Tung, Mr. Stephen Tung, Mr. Stanley Tung and Mrs. Tung (all of whom are Directors or Controlling Shareholders of the Company), respectively, Star Alliance is a connected person of the Company and each of the New Tenancy Agreements constitutes connected transaction of the Company under the Listing Rules.

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the 2020 Tenancy Agreement, on a standalone basis, was higher than 0.1% but less than 5% and the total consideration is less than HK\$3,000,000, the entering into of the 2020 Tenancy Agreement and the transaction contemplated thereunder is fully exempt from the relevant disclosure requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the 2021 Tenancy Agreements are required to be aggregated with the 2020 Tenancy Agreement for the purpose of determining the classification as they are of the same nature and are all entered into with Star Alliance within a 12-month period.

Pursuant to HKFRS 16 “Leases”, the Group will recognise the value of the right-of-use assets in connection with the New Tenancy Agreements and these transactions will be regarded as acquisition of assets by the Group pursuant to the Listing Rules. The aggregate values of the right-of-use assets to be recognised by the Group under the New Tenancy Agreements are estimated to be approximately HK\$6.2 million (unaudited).

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate values of the right-of-use assets to be recognised under the New Tenancy Agreements are more than 5% but less than 25% and the total consideration is less than HK\$10,000,000, the New Tenancy Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## **RENEWAL OF TENANCY AGREEMENTS**

Reference is made to the section headed “Continuing Connected Transactions” in the Prospectus, which contains details of the 2017 Tenancy Agreements.

On 4 January 2021, HWT (an indirect wholly-owned subsidiary of the Company), as tenant, entered into the 2021 Tenancy Agreements with Star Alliance (a connected person of the Company), as landlord, to renew the leases of the premises under the 2017 Tenancy Agreement II, 2017 Tenancy Agreement III and 2017 Tenancy Agreement IV (all of which were expired on 31 December 2020), respectively.

Among the 2017 Tenancy Agreements, the 2017 Tenancy Agreement I was expired on 31 July 2020. As such, on 1 August 2020, HWT (as tenant) entered into the 2020 Tenancy Agreement with Star Alliance (as landlord) to renew the lease of the premises under the 2017 Tenancy Agreement I.

The major terms of the New Tenancy Agreements are set out below:

**The 2020 Tenancy Agreement**

Date : 1 August 2020

Parties : Star Alliance (as landlord)  
HWT (as tenant)

Premises : Unit B6 on 31st Floor of TML Tower

Term : from 1 August 2020 to 31 July 2022 (both days inclusive)

Monthly rental : HK\$70,958 (exclusive of government rates and rent and management fee)

Usage : Workshop, warehouse and ancillary office

**The 2021 Tenancy Agreement I**

Date : 4 January 2021

Parties : Star Alliance (as landlord)  
HWT (as tenant)

Premises : Unit A6 on 30th and 31st Floor of TML Tower, with car parking spaces No. 54, 55 and 56 on 3rd Floor of TML Tower

Term : from 1 January 2021 to 31 July 2022 (both days inclusive)

Monthly rental : HK\$236,348 (exclusive of government rates and rent and management fee)

Usage : Workshop, warehouse, ancillary office and car parking

### **The 2021 Tenancy Agreement II**

Date : 4 January 2021

Parties : Star Alliance (as landlord)  
HWT (as tenant)

Premises : Car parking space No. P.09 on 2nd Floor of TML Tower

Term : from 1 January 2021 to 31 July 2022 (both days inclusive)

Monthly rental : HK\$4,000

Usage : Car parking

### **The 2021 Tenancy Agreement III**

Date : 4 January 2021

Parties : Star Alliance (as landlord)  
HWT (as tenant)

Premises : Car Parking Space No. P.45 on 3rd Floor of TML Tower

Term : from 1 January 2021 to 31 July 2022 (both days inclusive)

Monthly rental : HK\$4,000

Usage : Car parking

The monthly rentals for each of the New Tenancy Agreements were arrived at after arm's length negotiation between Star Alliance and HWT with reference to the prevailing market conditions, the market rent of similar properties in the vicinity of the leased premises and the historical transaction amounts under the 2017 Tenancy Agreements.

### **REASONS FOR AND BENEFITS OF THE NEW TENANCY AGREEMENTS**

The Group has been using the premises under the New Tenancy Agreements as workshop, warehouse, ancillary office and car parking space since October 2013. Having considered (i) the rental under each of the New Tenancy Agreements is comparable to or below the prevailing market rent of comparable properties in the vicinity of the leased premises; and (ii) the relocation costs and associated expenses and time that might be incurred by the Group for relocating to another suitable premises, the Directors (including all independent non-executive Directors) consider that the New Tenancy Agreements are entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, the terms of which are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, as Star Alliance is owned as to 25% each by Mr. TH Tung, Mr. Stephen Tung, Mr. Stanley Tung and Mrs. Tung (all of whom are Directors or Controlling Shareholders of the Company), respectively, Star Alliance is a connected person of the Company and each of the New Tenancy Agreements constitutes connected transaction of the Company under the Listing Rules.

As all of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the 2020 Tenancy Agreement, on a standalone basis, was higher than 0.1% but less than 5% and the total consideration is less than HK\$3,000,000, the entering into of the 2020 Tenancy Agreement and the transaction contemplated thereunder is fully exempt from the relevant disclosure requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.81 of the Listing Rules, the 2021 Tenancy Agreements are required to be aggregated with the 2020 Tenancy Agreement for the purpose of determining the classification as they are of same nature and are all entered into with Star Alliance within a 12-month period.

Pursuant to HKFRS 16 “Leases”, the Group will recognise the value of the right-of-use assets in connection with the New Tenancy Agreements and these transactions will be regarded as acquisition of assets by the Group pursuant to the Listing Rules. The aggregate values of the right-of-use assets to be recognised by the Group under the New Tenancy Agreements are estimated to be approximately HK\$6.2 million (unaudited).

As one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate values of the right-of-use assets to be recognised under the New Tenancy Agreements are more than 5% but less than 25% and the total consideration is less than HK\$10,000,000, the New Tenancy Agreements and the transactions contemplated thereunder are subject to the reporting and announcement requirements but are exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As Mr. TH Tung, Mr. Stephen Tung and Mr. Stanley Tung (all being executive Directors) are deemed to be interested in the connected transactions in respect of the New Tenancy Agreements, they have abstained from voting on the relevant board resolutions. Save as disclosed in this announcement, none of the Directors has any material interest in the New Tenancy Agreements and is required to abstain from voting on the relevant board resolutions.

## **INFORMATION ABOUT THE GROUP, HWT AND STAR ALLIANCE**

The Group is principally engaged in the manufacturing and sales of denim fabrics.

HWT is a company incorporated in Hong Kong with limited liability and is principally engaged in the design and trading of denim fabrics and investment holding. It is an indirect wholly-owned subsidiary of the Company.

Star Alliance is a company incorporated in Hong Kong with limited liability and is owned as to 25% each by Mr. TH Tung, Mr. Stephen Tung, Mr. Stanley Tung and Mrs. Tung, respectively. The principal business activity of Star Alliance is investment holding.

## **DEFINITIONS**

- “2017 Tenancy Agreement I” the tenancy agreement dated 31 July 2017 (as amended and supplemented by (i) a supplemental agreement dated 31 December 2017 and (ii) a supplemental deed dated 16 March 2018) entered into between Star Alliance and HWT for a term from 1 August 2017 to 31 July 2020, pursuant to which Unit B6 on 31st Floor of TML Tower was let by Star Alliance to HWT
- “2017 Tenancy Agreement II” the tenancy agreement dated 1 January 2017 (as amended and supplemented by (i) a supplemental deed dated 16 March 2018 and (ii) a supplemental deed dated 16 April 2018) entered into between Star Alliance and HWT for a term from 1 January 2017 to 31 December 2020, pursuant to which Unit A6 on 30th and 31st Floor of TML Tower with Car Parking Spaces No. 54, 55 and 56 on 3rd Floor of TML Tower was let by Star Alliance to HWT
- “2017 Tenancy Agreement III” the tenancy agreement dated 1 January 2017 (as amended and supplemented by a supplemental deed dated 16 April 2018) entered into between Star Alliance and HWT for a term from 1 January 2017 to 31 December 2020, pursuant to which Car Parking Space No. P.09 on 2nd Floor of TML Tower was let by Star Alliance to HWT
- “2017 Tenancy Agreement IV” the tenancy agreement dated 1 January 2017 (as amended and supplemented by a supplemental deed dated 16 April 2018) entered into between Star Alliance and HWT for a term from 1 January 2017 to 31 December 2020, pursuant to which Car Parking Space No. P.45 on 3rd Floor of TML Tower was let by Star Alliance to HWT
- “2017 Tenancy Agreements” collectively, 2017 Tenancy Agreement I, 2017 Tenancy Agreement II, 2017 Tenancy Agreement III and 2017 Tenancy Agreement IV, the details of which are set out in the section headed “Continuing Connected Transactions” in the Prospectus
- “2020 Tenancy Agreement” the tenancy agreement dated 1 August 2020 entered into between Star Alliance and HWT in relation to the lease of Unit B6 on 31st Floor of TML Tower

“2021 Tenancy Agreement I”	the tenancy agreement dated 4 January 2021 entered into between Star Alliance and HWT in relation to the lease of Unit A6 on 30th and 31st Floor of TML Tower with Car Parking Spaces No. 54, 55 and 56 on 3rd Floor
“2021 Tenancy Agreement II”	the tenancy agreement dated 4 January 2021 entered into between Star Alliance and HWT in relation to the lease of Car Parking Space No. P.09 on 2nd Floor of TML Tower
“2021 Tenancy Agreement III”	the tenancy agreement dated 4 January 2021 entered into between Star Alliance and HWT in relation to the lease of Car Parking Space No. P.45 on 3rd Floor of TML Tower
“2021 Tenancy Agreements”	collectively, the 2021 Tenancy Agreement I, the 2021 Tenancy Agreement II and the 2021 Tenancy Agreement III
“Company”	HINGTEX HOLDINGS LIMITED (興紡控股有限公司), a company incorporated in the Cayman Islands with limited liability, the shares of which is listed on the Main Board of the Stock Exchange (Stock Code: 1968)
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“connected transaction(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed thereto under the Listing Rules and refers to the group of controlling shareholders of the Company, namely Manford Investment Holdings Limited (萬豐投資控股有限公司), Mr. TH Tung, Mr. Stephen Tung, Mr. Stanley Tung, Mrs. Tung, Ms. Tung Wei Ling Barbara (董慧玲) (the daughter of Mr. TH Tung and Mrs. Tung and sister of Mr. Stanley Tung, Mr. Stephen Tung and Ms. Tung Wai Lai Mabel) and Ms. Tung Wai Lai Mabel (董慧麗) (the daughter of Mr. TH Tung and Mrs. Tung and sister of Mr. Stanley Tung, Mr. Stephen Tung and Ms. Tung Wei Ling Barbara)
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HWT”	H.W. TEXTILES COMPANY LIMITED (興威紡織有限公司), a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong



“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Stanley Tung”	Mr. Tung Cheuk Ming Stanley (董卓明), the executive Director of the Company and one of the Controlling Shareholders. He is also the son of Mr. TH Tung and Mrs. Tung and brother of Mr. Stephen Tung, Ms. Tung Wei Ling Barbara and Ms. Tung Wai Lai Mabel
“Mr. Stephen Tung”	Mr. Tung Wai Ting Stephen (董韋霆), the executive Director of the Company and one of the Controlling Shareholders. He is also the son of Mr. TH Tung and Mrs. Tung and brother of Mr. Stanley Tung, Ms. Tung Wei Ling Barbara and Ms. Tung Wai Lai Mabel
“Mr. TH Tung”	Mr. Tung Tsun Hong (董信康), the chairman and executive Director of the Company and one of the Controlling Shareholders. He is also the spouse of Mrs. Tung and the father of Mr. Stanley Tung, Mr. Stephen Tung, Ms. Tung Wei Ling Barbara and Ms. Tung Wai Lai Mabel
“Mrs. Tung”	Ms. Lau Chung Chau (劉中秋), one of the Controlling Shareholders. She is also the spouse of Mr. TH Tung and mother of Mr. Stanley Tung, Mr. Stephen Tung, Ms. Tung Wei Ling Barbara and Ms. Tung Wai Lai Mabel
“New Tenancy Agreements”	collectively, the 2020 Tenancy Agreement, the 2021 Tenancy Agreement I, the 2021 Tenancy Agreement II and the 2021 Tenancy Agreement III
“Prospectus”	the prospectus of the Company dated 28 June 2018
“Star Alliance”	STAR ALLIANCE HOLDINGS LIMITED (滙星集團有限公司), a company incorporated in Hong Kong with limited liability which is owned as to 25% each by Mr. TH Tung, Mr. Stephen Tung, Mr. Stanley Tung and Mrs. Tung, respectively
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TML Tower”	TML Tower, which is located at No. 3 Hoi Shing Road, Tsuen Wan, Hong Kong



“%”

per cent

By order of-the Board  
**HINGTEX HOLDINGS LIMITED**  
**TUNG Tsun Hong**  
*Chairman and executive Director*

Hong Kong, 4 January 2021

*As at the date of this announcement, the chairman and executive Director is Mr. Tung Tsun Hong, the executive Directors are Mr. Tung Wai Ting Stephen and Mr. Tung Cheuk Ming Stanley, and the independent non-executive Directors are Mr. Tsang Ling Biu Gilbert, Mr. Cheung Che Kit Richard and Mr. Leung Wang Ching Clarence, J.P..*