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TEXHONG INTERNATIONAL GROUP LIMITED

天虹國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

DISCLOSEABLE AND CONNECTED TRANSACTION

**SECOND SUPPLEMENTAL AGREEMENT IN RELATION
TO THE ACQUISITION OF ASSETS IN VIETNAM**

As disclosed in the announcements of the Company dated 7 November 2022, 8 December 2022 and 3 February 2023 and the circular of the Company dated 9 December 2022 in relation to, among others, the Acquisition, pursuant to the Revised Asset Purchase Agreement, Texhong Industrial Park had undertaken to HK Co that, among others, it shall complete the registration of the transfer of the legal title of the Land within 12 months from the Completion Date. Completion took place on 31 March 2023, as such the Registration shall be completed by 31 March 2024.

Given that additional time is required for liaising with the local authorities for completing the Registration, HK Co and Texhong Industrial Park, after arm's length negotiations, entered into the Second Supplemental Agreement, pursuant to which Texhong Industrial Park has undertaken to complete the Registration by 31 March 2025.

Reference is made to the announcements of the Company dated 7 November 2022 (the “**November Announcement**”), 8 December 2022 and 3 February 2023 and the circular of the Company dated 9 December 2022 in relation to, among others, the Acquisition. Terms used herein shall have the same meanings as defined in the November Announcement unless otherwise indicated.

THE SECOND SUPPLEMENTAL AGREEMENT

As disclosed in the November Announcement, pursuant to the Asset Purchase Agreement (as supplemented) (the “**Revised Asset Purchase Agreement**”), Texhong Industrial Park had undertaken to HK Co that, among others, it shall complete the registration of the transfer of the legal title of the Land (the “**Registration**”) within 12 months from the Completion Date. Completion took place on 31 March 2023, as such the Registration shall be completed by 31 March 2024.

Given that additional time is required for completing the Registration for reasons further elaborated in the section headed “Reasons for and benefits of entering into the Second Supplemental Agreement” below, HK Co and Texhong Industrial Park, after arm’s length negotiations, entered into a second supplemental agreement (the “**Second Supplemental Agreement**”), pursuant to which Texhong Industrial Park has undertaken to complete the Registration by 31 March 2025 (or such later date as the parties may agree).

REASONS FOR AND BENEFITS OF ENTERING INTO THE SECOND SUPPLEMENTAL AGREEMENT

As advised by the Group’s Vietnam legal advisers, mainly due to the fact that the applicable laws and regulations of Vietnam do not have clear definitions on technical infrastructure land for “common use” and “private use” and the uncertainty on the proper licensing process for the transfer of real estate projects, land use rights and assets attached to the Land, more time is required to liaise with local authorities to understand the proper procedures for the Registration. As advised by the Group’s Vietnam legal advisers, because part of Land Lot 1 is likely to be classified as technical infrastructure for common use, applications need to first be made to the relevant local authorities to change the function of such land in order to transfer the land use right. In addition, as the government authorities had previously granted land rent concessions on the Land, certain adjustments to the land rent license would need to be made in accordance with the applicable laws before the land use rights can be transferred. Accordingly, the Registration process has been significantly affected and it is expected that the Registration cannot be completed within 12 months of the Completion Date as previously agreed between the parties, i.e. by 31 March 2024. Due to the aforementioned factors which are beyond the control of the parties, the parties have agreed to extend the deadline for completing the Registration by a further 12 months (or such longer period as the parties may agree) until 31 March 2025, during which Texhong Industrial Park shall continue liaising with the relevant local authorities and make efforts to procure the completion of the Registration.

Pursuant to the Revised Asset Purchase Agreement, if Texhong Industrial Park fails to complete the Registration for any or all of the Land within 12 months from the Completion Date, Texhong Industrial Park shall immediately return to HK Co the consideration received together with all the interest accrued (such interest rate shall be based on the 12 months fixed deposit rate offered by the foreign banks in Vietnam on the

date of payment of the relevant consideration) in respect of the parcel of land together with the buildings and all assets attached thereto for which the Registration cannot be completed (after deducting the fees generated from the provision of Utilities in Texhong Industrial Park which has been received by the Vietnam subsidiary of HK Co in respect of the parcel of land and the operating cost of the Utilities) (the “**Return Consideration**”).

Having regard to the relevant factors, including but not limited to: (i) the advice from the Group’s Vietnam legal advisers in respect of the applicable laws and regulations of Vietnam, the difficulties encountered in the Registration process as a result, the necessary steps to take and the expected time that the parties would need to complete them; and (ii) the Assets constituting earning assets of the Group and that all revenue generated therefrom have been consolidated into the financial statements of the Company since the Completion Date, the Directors (including the independent non-executive Directors) are of the view that: (a) it would be more beneficial to the Group to agree to allow Texhong Industrial Park more time to liaise with the relevant local authorities and complete the Registration rather than to insist on payment of the Return Consideration under the Revised Asset Purchase Agreement at this time; and (b) the terms of the Second Supplemental Agreement are fair and reasonable and on normal commercial terms or better and in the interests of the Group and the Shareholders as a whole.

The Company will closely monitor the progress of the Registration and make further announcement(s) according to the Listing Rules as required.

Save as disclosed in this announcement, all other terms and conditions of the Revised Asset Purchase Agreement remain unchanged and in full force and effect.

By Order of the Board
Texhong International Group Limited
Hong Tianzhu
Chairman

Hong Kong, 15 March 2024

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Hong Tianzhu
Mr. Zhu Yongxiang

Independent non-executive Directors:

Prof. Tao Xiaoming
Prof. Cheng Longdi
Mr. Shu Wa Tung, Laurence