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/

DISCLOSEABLE TRANSACTION IN RELATION TO THE RESUMPTION COMPENSATION AGREEMENT

THE RESUMPTION COMPENSATION AGREEMENT

On 26 June 2024, Guangzhou POSTech, an indirect wholly-owned subsidiary of the Company, entered into the Resumption Compensation Agreement with GDD Key Project Promotion Centre for the resumption of Land and Buildings, pursuant to which Guangzhou POSTech shall receive an aggregate sum of RMB98,170,543 (equivalent to HK$106,024,187) as the Resumption Compensation for the Relocation.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the arrangement contemplated under the Resumption Compensation Agreement exceeds 5% but is less than 25%, the arrangement contemplated under the Resumption Compensation Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

THE RESUMPTION COMPENSATION AGREEMENT

On 26 June 2024, Guangzhou POSTech, an indirect wholly-owned subsidiary of the Company, entered into the Resumption Compensation Agreement with GDD Key Project Promotion Centre regarding the Resumption Compensation for the Relocation, the principal terms of which are set out below:

Date:	26 June 2024
Parties:	1. GDD Key Project Promotion Centre; and 2. Guangzhou POSTech.

* *For identification purpose only*

Subject matter of the Resumption Compensation:	The scope of resumption of Land and Buildings include (1) buildings, structures, attachments and ground attachments at the original site; and (2) the land use right. The Land and Buildings are located at No. 56 Buling Road, Yonghe Economic Zone, Guangzhou Development District, Guangdong Province, the PRC, with a land area of 20,776 sq. m. and a total building area of 21,628.6233 sq. m..
Compensation and Payment Terms:	Pursuant to the Resumption Compensation Agreement, the Resumption Compensation payable by GDD Key Project Promotion Centre to Guangzhou POSTech for this resumption of Land and Buildings is RMB98,170,543 (equivalent to HK$106,024,187). The Resumption Compensation was agreed between Guangzhou POSTech and GDD Key Project Promotion Centre after arm's length negotiation with reference to the appraisal value of the asset valuation report on the Land and Buildings of an independent PRC valuer appointed by GDD Key Project Promotion Centre, and includes all compensation payable for the resumption of Guangzhou POSTech's land, buildings and attachments, suspension of production and business, etc.. The Resumption Compensation shall be paid by GDD Key Project Promotion Centre to Guangzhou POSTech in the following manner: (1) Within 30 business days from the effective date of signing the Resumption Compensation Agreement, 75% of the agreed Resumption Compensation, which is RMB73,627,907 (equivalent to HK$79,518,140), shall be paid on the basis that full and sufficient fund of the Huangpu District Finance Bureau is available; (2) After Guangzhou POSTech completed the relocation and formal handover procedures under the Resumption Compensation Agreement, completed the soil survey and soil remediation in the factory area, and cooperated to complete the cancellation of property rights and the transfer of state-owned land use rights under the Resumption Compensation Agreement, the remaining 25% of the agreed Resumption Compensation, which is RMB24,542,636 (equivalent to HK$26,506,047), shall be paid within 30 business days after the land transfer fee is received by the Huangpu District Finance Bureau from the land disposal, on the basis that full and sufficient fund of the Huangpu District Finance Bureau is available; if the disposal of the resumed land cannot be completed within 24 months after the signing of the Resumption Compensation Agreement, the remaining 25% of the agreed Resumption Compensation shall be paid within 3 months from the expiry of the 24 months' period after the signing of the Resumption Compensation Agreement.

INFORMATION OF THE PARTIES

The principal activities of the Group consist of 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 property investment.

The principal activity of the Company is investment holding.

The principal activity of Guangzhou POSTech is holding of land, properties and facilities. The Land and Buildings are mainly leased to the Group for use as warehouse.

GDD Key Project Promotion Centre is a public institution registered with the Public Institution Management Bureau of Huangpu District of Guangzhou, Guangdong Province, the PRC. It is mainly responsible for the land resumption and relocation works related to infrastructure construction projects, which include but are not limited to the implementation of expropriation and relocation projects, management of relevant funds and coordination of compensation arrangements. To the best knowledge, information and belief of the Directors after all reasonable enquiries, GDD Key Project Promotion Centre is a third party independent of the Company and its connected persons (as defined under the Listing Rules). For the purpose of the resumption of Land and Buildings, it is the resumption unit for this resumption.

REASONS AND BENEFITS FOR THE RELOCATION

This resumption of the Land and Buildings by GDD Key Project Promotion Centre is mainly for future development of Huangpu District.

For this Relocation, Guangzhou POSTech has made reasonable arrangements for the subsequent transitional matters, and it is expected that the Relocation will not have a significant negative impact on the business operations of Guangzhou POSTech. It is intended that the proceeds of Resumption Compensation will be applied as general working capital and for the business development of Guangzhou POSTech. The management of Guangzhou POSTech will ensure the reasonable use of Resumption Compensation. This Resumption Compensation is expected to help the Group obtain asset replacement benefit, supplement the Group’s cash flows, reduce external financing costs and provide cash assurance for the Group’s current operations and future overall development.

FINANCIAL EFFECTS OF THE RESUMPTION OF LAND AND BUILDINGS

Based on the latest unaudited financial statements of Guangzhou POSTech as at 31 May 2024, the net book value of the asset subject to the resumption of the Land and Buildings was in the amount of approximately RMB8.33 million (equivalent to approximately HK$9.00 million). In view of the Resumption Compensation of approximately RMB98.17 million (equivalent to approximately HK$106.02 million), the Group is expected to record an estimated net gain before tax from the resumption of the Land and Buildings of approximately RMB89.84 million (equivalent to approximately HK$97.02 million). Such estimated net gain has not taken into account of any costs and expenses incurred relating to the resumption of Land and Buildings and the Relocation, including but not limited to relocation costs for disassembly, packaging and transportation of equipment, facilities and materials, building demolition costs, land restoration costs, soil survey expenses, losses from production and business suspension, compensation expenses for laid-off employees, temporary resettlement costs, and other relocation costs and expenses incurred in the early stage of relocation and during the relocation process, and the relevant taxes that will be or may be payable. The actual amount of the gain from the resumption of Land and Buildings to be recorded by the Group is subject to audit, and accordingly, it may be different from the amount stated above.

Taking the above into consideration, the Directors (including the independent non-executive Directors) consider that the terms of the Resumption Compensation Agreement are fair and reasonable and are on normal commercial terms. This resumption of Land and Buildings is in the interests of the Company and its Shareholders as a whole and will not have any material adverse effect to core businesses of the Group.

IMPLICATION UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the arrangement contemplated under the Resumption Compensation Agreement exceeds 5% but is less than 25%, the arrangement contemplated under the Resumption Compensation Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

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;
"GDD Key Project Promotion Centre"	Guangzhou Development District Key Project Promotion Centre (廣州開發區重點項目推進中心) is a public institution registered with the Public Institution Management Bureau of Huangpu District, Guangzhou, Guangdong Province, the PRC. It is mainly responsible for the land resumption and relocation works related to infrastructure construction projects and, for the purpose of the Land and Building Resumption, it is the resumption unit for this resumption.
"Group"	the Company and its subsidiaries from time to time;
"Guangzhou POSTech"	Guangzhou POSTech Technology Limited (廣州靈科零售技術有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company which is principally engaged in holding of land, properties and facilities and its Land and Buildings are mainly leased to the Group for use as warehouse;
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;

"Land and Buildings"	The Land and Buildings located at No. 56 Buling Road, Yonghe Economic Zone, Guangzhou Development District, Guangdong Province, the PRC with a land area of 20,776 sq. m. and a total building area of 21,628.6233 sq. m.;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"percentage ratios"	has the meaning ascribed to it under the Listing Rules;
"PRC"	the People's Republic of China;
"Relocation"	the relocation of Guangzhou POSTech under the terms and conditions of the Resumption Compensation Agreement;
"Resumption Compensation"	Pursuant to the Resumption Compensation Agreement, Guangzhou POSTech shall receive an aggregate sum of RMB98,170,543 (equivalent to HK$106,024,187) as the Resumption Compensation for the Relocation.
"Resumption Compensation Agreement"	the resumption compensation agreement dated 26 June 2024 entered into between Guangzhou POSTech and GDD Key Project Promotion Centre in respect of the resumption of Land and Buildings;
"RMB"	Renminbi, the lawful currency of the PRC;
"Shareholder"	the shareholders of the Company;
"sq. m."	square metres;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited; and
"%"	per cent.

On behalf of the Board
Poon Bun Chak
Chairman

Hong Kong, 28 June 2024

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Ho Lai Hong, Mr. Poon Ho Tak and Mr. Ng Mo Ping; 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.

For the purpose of illustration only, the amounts denominated in RMB have been translated into HK$ using the exchange rate of RMB1:HK$1.08. Such translation should not be construed as a representation that the amounts quoted could have been or could be or will be converted at the stated rate or at any other rates at all.