THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Texwinca Holdings Limited** (the "**Company**"), you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was affected for transmission to the purchaser or the transferee.

The Chinese translation of this circular is for reference only and in case of any inconsistency, the English version shall prevail.

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/

MAJOR TRANSACTION
AGREEMENT RELATING TO THE SALE AND PURCHASE OF THE ENTIRE ISSUED SHARE CAPITAL OF AND THE ASSIGNMENT OF SHAREHOLDER'S LOAN OWING BY FASHION TIME VIET NAM LIMITED

Financial Advisor to the Company

EDDID FINANCIAL

All capitalised terms used in this circular shall have the same meanings set out in the section headed "Definitions" of this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 18 of this circular.

This circular is despatched to the Shareholders for information purpose only, and written Shareholder's approval has been obtained for the Acquisition Agreement in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

* *For identification purpose only*

24 November 2023

CONTENTS

In this circular, the following terms or expressions shall have the meanings set out below unless the context requires otherwise:

"Acquisition"	the proposed acquisition of the Sale Shares by Nice View from FTV (HK) and the assignment of the Loan pursuant to the Acquisition Agreement
"Acquisition Agreement"	the agreement dated 4 August 2023 entered into between FTV (HK), Nice View, Vendor's Guarantor and the Company in relation to the sale and purchase of the Sale Shares and the assignment of the Loan
"Board"	the board of Directors
"Buildings"	the buildings and ancillary structures, or any part thereof, erected or under construction on the Land
"Business Day(s)"	a day (other than a Saturday or Sunday) on which licensed banks are generally open for business in Hong Kong and Vietnam
"Company" or "Purchaser's Guarantor"	Texwinca Holdings Limited, a company incorporated in Bermuda with limited liability, the share of which are listed on the main board of the Stock Exchange (stock code: 321)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
"Completion Date"	the date on which Completion takes place in accordance with the Acquisition Agreement
"Consideration"	the consideration payable by the Purchaser to the Vendor for the Acquisition, which amounts to US$78,591,942 and subject to completion adjustment in accordance with the terms and conditions of the Acquisition Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Enlarged Group"	the Group as enlarged by the proposed Acquisition immediately after Completion

"Escrow Agent"	Chiu & Partners of 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong in its capacity as the escrow agent under the Escrow Agreement
"Escrow Agreement"	an escrow agreement dated 4 August 2023 entered into between the Purchaser, the Vendor and the Escrow Agent in relation to the receipt, holding and release of the funds held by the Escrow Agent payable under the Acquisition Agreement on account of the Consideration
"FTV (HK)" or "Vendor"	Fashion Time Vietnam Holdings Limited, a company incorporated in Hong Kong with limited liability
"FTV (Vietnam)" or "Target Company"	Fashion Time Viet Nam Limited, a company established in Vietnam with limited liability and as at the Latest Practicable Date, a direct wholly-owned subsidiary of FTV (HK)
"Group"	the Company and its subsidiaries
"HKFRSs"	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accounts
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Third Party(ies)"	the third party(ies) independent of the Company and its connected persons
"Initial Share Consideration"	an amount of US$14,911,942 taken to be the initial share consideration for the Sale Shares
"Land"	the parcel(s) of industrial land owned by the Target Company located at Hai Ha Industrial Zone, Quang Ha Town, Hai Ha District, Quang Ninh Province, Vietnam, with a site area of approximately 249,904.40 square metres
"Latest Practicable Date"	17 November 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time

"Loan"	the aggregate amount outstanding and owing as at Completion by the Target Company to the Vendor
"Long Stop Date"	30 September 2023 (as extended to 31 December 2023 or such later date as shall be agreed between the parties in writing)
"Nice View" or "Purchaser"	Nice View Dyeing & Bleaching Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
"Plant and Equipment"	the plant and equipment owned and utilised by the Target Company
"Purchaser's Solicitors"	Wilkinson & Grist of 6th Floor, Prince's Building, Chater Road, Hong Kong
"Sale Shares"	the registered charter capital of FTV (Vietnam) in the sum of VND365,339,000,000, representing 100% of the registered charter capital of FTV (Vietnam) validly issued and outstanding, legally and beneficially owned by the Vendor to be sold to the Purchaser pursuant to the Acquisition Agreement
"Shareholder(s)"	shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"US$" or "USD"	United States dollars, the lawful currency of the United States of America
"Vendor's Guarantor"	Texhong International Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability and whose shares are listed on the main board of the Stock Exchange (stock code: 2678)
"Vietnam"	the Socialist Republic of Vietnam
"VND"	Vietnamese dongs, the lawful currency of Vietnam
"%"	per cent

TEXWINCA HOLDINGS LIMITED
德永佳集團有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 321)

Executive Directors:
Mr. Poon Bun Chak
Mr. Ting Kit Chung
Mr. Ho Lai Hong
Mr. Poon Ho Tak

Independent Non-Executive Directors:
Mr. Cheng Shu Wing
Mr. Law Brian Chung Nin

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business:
16th Floor, Metroplaza Tower II
223 Hing Fong Road
Kwai Chung, New Territories
Hong Kong

24 November 2023

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION
AGREEMENT RELATING TO THE SALE AND PURCHASE OF THE ENTIRE ISSUED SHARE CAPITAL OF AND THE ASSIGNMENT OF SHAREHOLDER'S LOAN OWING BY FASHION TIME VIET NAM LIMITED

INTRODUCTION

Reference is made to the announcement of the Company dated 4 August 2023 in relation to the Acquisition.

On 4 August 2023 (after trading hours), the Purchaser, being an indirectly wholly-owned subsidiary of the Company, and the Company (as the Purchaser's Guarantor) entered into the Acquisition Agreement with the Vendor and the Vendor's Guarantor, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and purchase the benefit of, by way of an assignment, the Loan, and the Vendor has conditionally agreed to sell the Sale Shares and assign the Loan to the Purchaser at the Consideration of US$78,591,942 (subject to completion adjustment).

* *For identification purpose only*

The purpose of this circular is to provide Shareholders with, *inter alia*, further details of the Acquisition Agreement.

THE ACQUISITION AGREEMENT

Date

4 August 2023

Parties

(1) Purchaser: Nice View Dyeing & Bleaching Limited

(2) Purchaser's Guarantor: Texwinca Holdings Limited

(3) Vendor: Fashion Time Vietnam Holdings Limited

(4) Vendor's Guarantor: Texhong International Group Limited

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Vendor, the Vendor's Guarantor and the Target Company and its respective ultimate beneficial owners (if applicable) are Independent Third Parties.

To the best of the directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Vendor and/or any ultimate beneficial owner(s) of the Vendor who can exert influence on the Acquisition; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Acquisition).

Assets to be acquired

The Sale Shares represent the 100% of the registered charter capital of the Target Company. The Loan represents the entire sum owing by the Target Company to the Vendor as at the Completion Date.

The Consideration

The consideration payable by the Purchaser to the Vendor for the assignment of the Loan (the "**Loan Consideration**") shall be an amount equal to the outstanding amount of the Loan as at the Completion Date as set out in the Audited Completion Accounts (as defined below). As at 30 June 2023 (as if Completion had occurred), the outstanding amount of the loan owing by the Target Company to the Vendor, being taken on a dollar-for-dollar basis as the consideration for the Loan, was approximately US$63.7 million and was unsecured, interest-free and repayable within one year.

The consideration for the sale and purchase of the Sale Shares payable by the Purchaser to the Vendor (the "**Share Consideration**") shall be equal to the adjusted net asset value of the Target Company as at the Completion Date (the "**Adjusted NAV**"). When determining the initial share consideration for the Sale Shares, after arm's length negotiation between the Purchaser and the Vendor, the aggregate agreed value of the Land, the Buildings, the Plant and Equipment, the software systems and the net current assets (excluding the Loan) of the Target Company, shall constitute the Initial Share Consideration of approximately US$14.9 million with reference to a preliminary fair market valuation of the 100% equity interest of the Target Company, the principal components of which mainly covered (a) the preliminary appraised value of the Land and the Buildings of approximately US$45.1 million under market approach in June 2023, (b) the Plant and Equipment (including prepayment) of approximately US$26.5 million under cost approach as at 31 March 2023 and netting off (c) the net current liabilities of approximately US$(57.8) million under cost approach as at 31 March 2023.

The Consideration, being the aggregate of the Initial Share Consideration and the Loan Consideration, shall be US$78,591,942 (subject to completion adjustment) and shall be paid in the manner as follows:

(i) an amount of US$3,929,597 by way of a deposit (the "**Deposit**") on account of the Consideration is payable by the Purchaser to the bank account of the Vendor within three Business Days after the signing of the Acquisition Agreement;

(ii) an amount of US$23,577,583 by way of part payment (the "**Part Payment**") on account of the Consideration is payable by the Purchaser to the Escrow Agent subject to the terms of the Escrow Agreement within three Business Days after the signing of the Acquisition Agreement;

(iii) an amount equal to the outstanding amount of the Loan as at the Completion Date as set out in the Completion Accounts (as defined below) of the Target Company *less* the aggregate of the Deposit and the Part Payment shall be paid to the Escrow Agent on the Completion Date on account of the Loan Consideration;

(iv) an amount equal to the Initial Share Consideration *less* the Deferred Amount shall be paid to the Escrow Agent on the Completion Date on account of the Share Consideration; and

(v) the remaining balance of US$1,000,000 (the "**Deferred Amount**") shall be paid by the Purchaser to the Vendor within six months from the Completion Date.

The Deposit and the Part Payment have been paid by the Purchaser on 9 August 2023.

The Deposit and the Part Payment, collectively and without interest, shall be applied in full as part payment of the Consideration at Completion. The Consideration will be financed by the internal resources and external borrowings of the Group.

Adjusted NAV and Adjustments to the Consideration

The Adjusted NAV shall be calculated and computed according to the formula below and the respective principles as stipulated in the Acquisition Agreement for determining of the agreed value of the Land, the Buildings, the Plant and Equipment, the software systems and the current assets *minus* the current liabilities (including the loan from the immediate holding company) of the Target Company as at Completion Date.

$$\text{Adjusted NAV} = A_{(\text{Land})} + A_{(\text{Buildings})} + A_{(\text{P\&E})} + (A_{(\text{Current})} - L_{(\text{Current})}) + A_{(\text{Systems})}$$

where:

"$\mathbf{A_{(Land)}}$" is the agreed value of the Land determined by the site area of the Land in square metres as shown in the valuation report on the Land multiplied by agreed price per square metre of the Land;

"$\mathbf{A_{(Buildings)}}$" is the agreed value of the Buildings determined based on original acquisition cost or the net book value of the Buildings in the books of the Target Company if the building contractor counterparties were independent third parties; or based on a comparison of the original acquisition cost of the Buildings in the books of the Target Company and the total construction costs of the Buildings and other ancillary costs if the building contractor counterparties were not independent third parties;

"$\mathbf{A_{(P\&E)}}$" is the agreed value of the Plant and Equipment determined based on original acquisition cost or the net book value of the Plant and Equipment in the books of the Target Company if the supplier counterparties were independent third parties; or based on a comparison of the original acquisition cost of the Plant and Equipment in the books of the Target Company and the total construction costs of the Plant and Equipment and other ancillary costs if the supplier counterparties were not independent third parties;

"$\mathbf{A_{(Systems)}}$" is the agreed value of the software systems determined by the actual acquisition costs and self-development cost of systems in aggregate;

"$\mathbf{A_{(Current)}}$" is the current assets of the Target Company as at Completion Date (other than and without double counting any of $A_{(\text{Land})}$, $A_{(\text{Buildings})}$, $A_{(\text{P\&E})}$ and $A_{(\text{Systems})}$); and

"$\mathbf{L_{(Current)}}$" is the current liabilities of the Target Company as at Completion Date (including the Loan).

No later than seven Business Days after the Completion Date, the Vendor shall procure the following matters and things to be delivered to the Purchaser or the Purchaser's Solicitors:

(a) the completion accounts and the notes thereto (the "**Completion Accounts**") as of the Completion Date to be prepared in accordance with the HKFRSs effective as of the Completion Date and to adopt the existing accounting policies of the Target Company consistently applied and made up to the Completion Date;

(b) a list of Buildings set out in an agreed form as of the Completion Date;

(c) a list of Plant and Equipment set out in an agreed form as of the Completion Date; and

(d) a list of software systems being the computer and technical software systems acquired or to be acquired by the Target Company after the date of the Acquisition Agreement for the purpose of the business and operations of the Target Company as the Purchaser may specify in writing to take up at Completion,

together with a statement of the Adjusted NAV and the outstanding Loan amount of the Target Company based on the Completion Accounts.

As soon as practicable after Completion but in any event within 30 days after Completion:

(a) the Purchaser shall, at its own costs and expenses, procure the Target Company to engage the external auditors of the Company to complete the audit of the Completion Accounts and deliver to each party the audited completion accounts (the "**Audited Completion Accounts**"); and

(b) the Vendor shall prepare and deliver to the Purchaser a statement of the Adjusted NAV and the Loan Consideration as at the Completion Date, which is verified and confirmed by the Purchaser.

If the Consideration after the completion adjustment (being the aggregate of the Adjusted NAV and the Loan Consideration) would likely be adjusted upwards to an amount leading to a situation that one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 100% and therefore the transactions contemplated thereunder would constitute a very substantial acquisition, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules. Given that the consideration ratio is the only percentage ratio exceeding 25% moderately, the Directors are of the view that the possibility of the Acquisition and the transactions contemplated thereunder constituting a very substantial acquisition is remote.

Basis of the Consideration

The parties agree that the Consideration before the completion adjustment shall be determined, after arm's length negotiations between the parties to the Acquisition Agreement on normal commercial terms, as if Completion had occurred on 30 June 2023, with:

(i) the net current assets (excluding the loan from the immediate holding company) of approximately US$5.2 million stated in the unaudited balance sheet as at 30 June 2023 of the Target Company and the notes relating to them (the "**Management Accounts**") (being taken as the Audited Completion Accounts);

(ii) the site area of approximately 249,904.4 square metres of the Land;

(iii) the schedule of Buildings set out in the Acquisition Agreement being taken as the completion building list. The Buildings are mainly comprised of textile dyeing workshop, warehouse, factory ammoniac, control room, pump house, wastewater treatment, chemical warehouse, substations transform, parking, office and canteen and trash house that have been capitalised after 28 February 2022 as well as remaining portion of textile dyeing workshop, additions of fire prevention system and surveillance system that were under construction as at the date of the Management Accounts;

(iv) the schedule of Plant and Equipment set out in the Acquisition Agreement being taken as the completion Plant and Equipment list. The Plant and Equipment is mainly comprised of (a) circular knitting machines, high temperature air flow dyeing machines, fabric stretching machines, and other machines such as continuous fabric cleaning machines, fabric shrinking machines, fabric hair cutting machines, (b) motor vehicles including forklifts and (c) office equipment including chemical stirrers, electrical cabinets, fabric testing machines and others; and

(v) the agreed value of software systems being nil.

The Initial Share Consideration of approximately US$14.9 million being the aggregate agreed value of the Land, the Buildings, the Plant and Equipment, the software systems and the net current liabilities (including the loan from the immediate holding company) of the Target Company, represented a premium of approximately 8.0% when compared with a preliminary fair market valuation of the Target Company prepared in June 2023. The premium was mainly attributable to the agreed value of the Plant and Equipment negotiated between the Purchaser and the Vendor which has been agreed to reflect original acquisition cost of the Plant and Equipment on 28 February 2022 without considering depreciation since then, leading to a higher aggregate amount as compared to the book value of the Plant and Equipment on 31 March 2023 in the preliminary fair market valuation of the Target Company prepared in June 2023.

For the purposes of compliance with the Listing Rules, the valuation report relating to the market value of the entire equity interest of the Target Company and the property valuation report of the Target Company have been updated to a valuation date of 31 August 2023, the text of which are reproduced in Appendix V and Appendix VI to this circular respectively. As at 31 August 2023, the appraised market value of the Target Company was approximately US$11.44 million. The Board concluded that there has been no change in valuation methodologies and parameters adopted in the preliminary fair market valuation of the Target Company and the market value of the entire equity interest of the Target Company as at 31 August 2023 and considered that the decrease in the valuation amount was mainly attributable to the operating loss incurred by the Target Company over time.

Following the above-mentioned formula of calculating and computing the Adjusted NAV, the latest Adjusted NAV as at 31 July 2023 estimated by the Directors was approximately US$14.2 million, comprising of the Land of approximately US$18.7 million, the Buildings of approximately US$25.9 million, the Plant and Equipment of approximately US$28.8 million and the net current liabilities (including the loan from the immediate holding company) of approximately US$(59.2) million, and representing a decrease of approximately US$0.7 million from the Initial Share Consideration.

The consideration for the Loan is on a dollar-for-dollar basis. The aggregate amount outstanding and owing by the Target Company to the Vendor was approximately US$63.7 million and US$66.0 million as at 30 June 2023 and 31 August 2023 respectively. Such increase was due to a repayment of US$11.0 million to the Vendor and a new loan of US$13.3 million from the Vendor in July 2023.

Taking into the consideration of (i) the Initial Share Consideration being US$14,911,942 as determined above by the Purchaser and the Vendor with reference to the preliminary fair market valuation of the entire issued share capital of the Target Company, (ii) the consideration of the Loan being US$63,680,000 as set out in the Management Accounts, and (iii) the reasons for and benefits of the Acquisition as stated under the section headed "Reasons for and Benefits of the Acquisition" below, the Directors consider that the Consideration is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

The Acquisition shall be conditional upon fulfilment of the following conditions:

(a) the Purchaser being satisfied with the matters below in all respects:

  (1) satisfactory compliance status of personal income tax and social health & unemployment insurance of the Target Company under the applicable laws of Vietnam;

  (2) updating of schedule for investment and implementation of the project ("the **Project**") in the investment registration certificate of the Target Company to which that certificate relates;

(3) satisfactory compliance status of transfer pricing documentation of the Target Company; and

(4) the obtaining of documents evidencing the fire prevention and fighting compliance, including (i) fire protection acceptance for phase 1 all built items of the Project, (ii) construction acceptance for phase 1 all built items of the Project, and (iii) property certificate for phase 1 all built items of the Project.

(b) the obtaining of the approval of the Shareholders by way of poll in general meeting or (if permitted by the Listing Rules) by written approval in respect of the Purchaser and the Purchaser's Guarantor entering into of the Acquisition Agreement, the transactions contemplated thereunder and the performance of their respective obligations thereunder in compliance with the Listing Rules;

(c) the obtaining of the approval of the shareholders of the Vendor's Guarantor by way of poll in general meeting or (if permitted by the Listing Rules) by written approval in respect of the Vendor and the Vendor's Guarantor entering into of the Acquisition Agreement, the transactions contemplated thereunder and the performance of their respective obligations thereunder in compliance with the Listing Rules (if applicable);

(d) all requisite filings with and approvals from the competent authorities of Vietnam under the applicable competition laws of Vietnam having been duly made, performed and obtained;

(e) all requisite filings and approvals in relation to the Sale Shares under the applicable investment laws of Vietnam having been duly made, performed and obtained;

(f) the land use right certificate relating to the Land held by the Target Company having been duly amended and updated to reflect the proper, correct and up-to-date information of the land use right of the Land including, without limitation, the payment of land rental on the basis of one-off scheme and the inclusion of ownership title of all completed Buildings;

(g) all outstanding loans (constituting the Loan) owing, due or payable by the Target Company to the Vendor having been duly reported and/or registered with State Bank of Vietnam in accordance with and in the manner required by the applicable laws of Vietnam reflecting the Vendor as the lender; together with the provision of loan repayment plan of existing shareholder's loans owing by the Target Company; and

(h) the warranties remaining true and accurate and not misleading in all respects as at the date of the Acquisition Agreement up to the Completion Date by reference to the facts, matters and circumstances then subsisting.

The Vendor and the Purchaser may jointly waive all or any of the conditions (other than the conditions (b), (c), (d) and (e) above), either in whole or in part, at any time by mutual agreement in writing, and the Purchaser may unilaterally waive all or any of the conditions (a), (f) through (h) at any time by notice in writing to the Vendor. Any waiver of condition(s) will only be agreed or given by the Purchaser if it will not affect the substance of the Acquisition. As at the Latest Practicable Date, no condition precedent had been waived.

If not all the above conditions are satisfied (unless, where permitted, waived) on or before the Long Stop Date, the provisions of the Acquisition Agreement shall lapse and cease to have effect (so that no party shall have any further liability under them); but the lapsing of those provisions shall not affect any accrued rights or liabilities of any party.

As at the Latest Practicable Date, conditions precedent under paragraphs (a)(3), (b), (c), (d), and (g) had been fulfilled. For condition (e), the Directors expect it will be fulfilled soon before the end of November 2023. For condition (a)(2), according to the second amendment of the investment registration certificate obtained by the Target Company from the Ministry of Planning and Investment in Vietnam, the latest schedule for the investment and implementation of the Project include two phases, the details of which are set out in the table below:

Phase of the Project	Investment Description	Investment Period	Approximate Total Investment Capital Size	Financing Method	Status as at the Latest Practicable Date
Phase I	Construction of the Buildings; and installment of the Plant and Equipment and ancillary work pertaining to one production line	From June 2020 to November 2023	US$105 million (US$16 million as contributed share capital and US$89 million as mobilised working capital)	By injecting share capital and leveraging loan from its immediate holding company of the Target Company	The Target Company had completed the phase 1 construction work of the Project and was in the process of obtaining certain final acceptances from the relevant government authorities in Vietnam. The Target Company expects to obtain the relevant acceptance certification about fire prevention facilities by the end of November 2023
Phase II	Construction of textile workshops, warehouses, trash house and ancillary work; and installment of two new production lines	From October 2023 to March 2025	US$109 million (US$16 million as contributed share capital and US$93 million as mobilised working capital)	By utilising the internal resources of the Enlarged Group	The phase 2 investment and construction is expected to commence once the Acquisition is completed

Guarantee by the Purchaser's Guarantor

In consideration of the Vendor agreeing to enter into the Acquisition Agreement, the Purchaser's Guarantor:

(a) covenants with and undertakes to the Vendor that the Purchaser shall, and it shall procure the Purchaser will, duly and punctually perform and observe any and all of the Purchaser's duties and obligations under the Acquisition Agreement;

(b) guarantees the payment by the Purchaser, when due, of all amounts payable by the Purchaser under and in connection with the Acquisition Agreement; and

(c) guarantees the due and punctual performance and observance by the Purchaser of any and all of its duties and obligations under and in connection with the Acquisition Agreement.

Guarantee by the Vendor's Guarantor

In consideration of the Purchaser agreeing to enter into the Acquisition Agreement, the Vendor's Guarantor:

(a) covenants with and undertakes to the Purchaser that the Vendor shall, and it shall procure the Vendor will, duly and punctually perform and observe any and all of the Vendor's duties and obligations under the Acquisition Agreement;

(b) guarantees the payment by the Vendor, when due, of all amounts payable by the Vendor under the Acquisition Agreement; and

(c) guarantees the due and punctual performance and observance by the Vendor of any and all of its duties and obligations under the Acquisition Agreement.

Completion

Completion shall take place on the date falling three Business Days from the date on which all the conditions are satisfied or, where permitted, waived or at such other place, time and date as the Vendor and the Purchaser may agree in writing.

INFORMATION OF THE TARGET COMPANY

FTV (Vietnam)

FTV (Vietnam) was established in Vietnam and is wholly owned by FTV (HK). The Target Company is principally engaged in manufacturing of knitted garment fabrics in Vietnam and the principal assets of the Target Company mainly comprise Land, Buildings, Plant and Equipment and software systems that are held by FTV (Vietnam) as at the Latest Practicable Date.

Financial information of the Target Company

The audited financial information of the Target Company for the financial years ended 31 December 2021 and 2022 and the seven months ended 31 July 2023 respectively are set out below:

	For the year ended		For the seven months ended
	31 December 2021	**31 December 2022**	**31 July 2023**
	US$	*US$*	*US$*
Loss before taxation	603,930	5,557,064	3,881,094
Loss after taxation	603,930	5,557,064	3,881,094

The net asset value of the Target Company as at 31 July 2023 was approximately US$5.8 million on the basis of the financial information of the Target Company prepared in accordance with HKFRSs as extracted from the accountants' report of the Target Company set forth in Appendix II to this circular.

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, has valued the property interests held by the Target Company and to be acquired by the Group in Vietnam as at 31 August 2023, and is of the opinion that the market value was US$45.3 million. The full text of the letter, summary of values and valuation certificates with regard to such property interests are set forth in Appendix VI to this circular.

The statement below shows the reconciliation of the aggregate amounts of the property as reflected in the audited financial statements of the Target Company as at 31 July 2023 as set forth in Appendix V to this circular with the valuation of the property as at 31 August 2023 as set forth in Appendix VI to this circular.

	US$
Carrying amount as at 31 July 2023	39,122,168
Add: Transfer from construction in progress during the period from 1 August 2023 to 31 August 2023	166,847
Less: Depreciation during the period from 1 August 2023 to 31 August 2023	(116,642)
Carrying amount as at 31 August 2023	39,172,373
Revaluation surplus	6,127,627
Valuation of the property as per the property valuation report as at 31 August 2023	45,300,000

Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

INFORMATION OF THE PARTIES INVOLVED

Purchaser

The Purchaser is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding. As at the Latest Practicable Date, the Purchaser is an indirect wholly-owned subsidiary of the Company.

The Company or Purchaser's Guarantor

The Company is a company incorporated in Bermuda with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 321). The Group is principally engaged in (i) the production, dyeing and sale of knitted fabric, yarn and garments, (ii) the retailing and distribution of casual apparel and accessories and (iii) the provision of franchise services.

Vendor

The Vendor is a limited liability company incorporated in Hong Kong and is a wholly-owned subsidiary of the Vendor's Guarantor. The Vendor is principally engaged in investment holding and through its subsidiary, engaged in manufacturing yarn, grey fabrics and garment fabrics as well as garments in Vietnam.

Vendor's Guarantor

The Vendor's Guarantor is a company incorporated under the laws of the Cayman Islands with limited liability whose shares are listed on the main board of the Stock Exchange (stock code: 2678). The Vendor's Guarantor is an investment holding company, which, through its subsidiaries, principally engaged in the production and distribution of yarns, gray fabrics, garment fabrics and garments.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in, *inter alia*, the production, dyeing and sale of knitted fabric, yarn and garments.

The Target Company, a company established in Vietnam with limited liability, is principally engaged in manufacturing of knitted garment fabrics in Vietnam. The Target Company has completed the phase 1 construction work of the Project and as at the Latest Practicable Date was in the process of obtaining the documents evidencing the fire prevention and fighting compliance. The Target Company has not generated revenue until April 2022 and was loss-making since its establishment. The Target Company recorded the loss after taxation of approximately US$0.60 million, US$5.56 million and US$3.88 million for the years ended 31 December 2021 and 2022 and the seven months ended 31 July 2023, respectively.

An increase of raw material and energy cost, and a high level of interest rate during the pandemic period posed negative impact on the global economic activities. Facing weak consumer sentiment, most retailers tried to trim down high inventory level; and the demand of fabric during the pandemic period was thus weakened considerably. With the relaxation of pandemic-related restrictions in many countries, worldwide consumer confidence is resuming. To lessen the impact of surge in production cost on the gross profit margin, though the Group could share part of the increase in production cost to its customers, the Directors consider that it is more critical for the Group to expand the production capacity and promote the operating efficiency. The acquisition of a textile factory in Vietnam allows the Group to broaden its production base to reduce its geopolitical risks and at the same time create a flexible and more diversified business development environment.

The Board has considered the following factors regarding the Acquisition:

(a) the agreed value of the Plant and Equipment in determining the Initial Share Consideration represented a premium to the appraised fair value of the Plant and Equipment as at 31 August 2023, however, such manufacturing facilities of the Target Company have been installed, maintained and overhauled in good shape and are essential in the business operation;

(b) though the Target Company was in the process of obtaining the relevant final acceptances and documents evidencing the fire prevention and fighting compliance for the completed phase 1 construction work of the Project, the Target Company has the rights, to the fullest extent possible under Vietnamese laws, to occupy, transfer, mortgage, lease and/or sub-lease the subject Land and Buildings;

(c) the Target Company has not reached its full operational capacity as at the Latest Practicable Date. The Acquisition will facilitate the Group to continue the investment and implementation of phase 2 construction of the Project, further unlock the production capability in Vietnam and strategically diversify its business development environment; and

(d) the Initial Share Consideration though represented a premium when compared with a preliminary fair market valuation of the Target Company prepared in June 2023, given that the Target Company has obtained the necessary licenses and approvals, completed the construction work for phase 1 of the Project, installed the production line, and fulfilled to carry out production since April 2022, the Consideration (including the completion adjustment to it) was determined after arm's length negotiation between the Purchaser and the Vendor.

Taking into the consideration of the aforesaid, the Directors consider that the terms and conditions of the Acquisition Agreement are on normal commercial terms and are fair and reasonable and that the Acquisition is in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECTS OF THE ACQUISITION

As a result of the Acquisition, the Target Company will become a wholly-owned subsidiary of the Company, and its financial results will be consolidated into the financial statements of the Group.

Assets and Liabilities

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, on the basis of the notes set out therein, the unaudited pro forma consolidated assets of the Enlarged Group as at 31 March 2023 would have increased from approximately HK$6,946.6 million to approximately HK$6,961.7 million and the unaudited pro forma consolidated liabilities of the Enlarged Group as at 31 March 2023 would have increased from approximately HK$1,931.1 million to approximately HK$1,949.4 million.

Earnings

For the year ended 31 March 2023, the consolidated net profit of the Group was approximately HK$63.1 million. Upon the Completion, the results of the Target Company would be consolidated with the Company. As set out in the accountants' report of the Target Company for the seven months ended 31 July 2023 in Appendix II to this circular, the Target Company recorded a net loss after tax of approximately US$3.9 million. The Directors expect that the Group's production capacity will be improved considerably with higher efficiency and lower cost leveraged by the production investment of the Target Company and are of the opinion that the Acquisition will have a positive impact on the Enlarged Group's long-term financial performance.

Gearing and liquidity

As set out in this Letter from the Board, the Consideration is approximately US$78.6 million (equivalent to approximately HK$613.0 million) will be settled by the internal resources and external borrowings of the Group. According to the Company's 2023 Annual Report, the Group's cash and cash equivalent is approximately HK$1,927.4 million as at 31 March 2023. It is expected that the Group's cash and cash equivalent would be reduced as a result of the Acquisition.

As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix III to this circular, the cash and cash equivalent of the Enlarged Group would have been reduced from HK$1,927.4 million to HK$1,315.1 million as at 31 March 2023. Accordingly, the Enlarged Group's net current assets would have decreased from approximately HK$3,073.6 million to approximately HK$2,510.4 million. The current ratio (being current assets over current liabilities) would have also decreased from approximately 3.0 times to approximately 2.6 times. Overall, although the Enlarged Group's liquidity will be affected, its overall liquidity is expected to remain healthy.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Acquisition exceeds 25% but all of them are less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (a) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition Agreement and the transactions contemplated thereunder; and (b) the written approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at the general meeting to approve the Acquisition Agreement and the transactions contemplated thereunder.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders have any material interest in the Acquisition Agreement and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Acquisition Agreement and the transactions contemplated thereunder.

As at the Latest Practicable Date, Farrow Star Limited (a company controlled by Mr. Poon Bun Chak) holds 698,830,104 shares, representing approximately 50.58% of the issued share capital of the Company. As the Company has obtained written approval from Farrow Star Limited, no extraordinary general meeting will be convened by the Company for the purpose of approving the Acquisition Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

On behalf of the Board
Poon Bun Chak
Chairman

FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the three years ended 31 March 2023 respectively, together with the relevant notes thereto are disclosed in the following documents, which were published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.texwinca.com) as follows:

- The annual report of the Group for the year ended 31 March 2021 (pages 38 to 168)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0708/2021070800345.pdf

- The annual report of the Group for the year ended 31 March 2022 (pages 39 to 168)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0718/2022071800876.pdf

- The annual report of the Group for the year ended 31 March 2023 (pages 40 to 156)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0718/2023071800172.pdf

INDEBTEDNESS STATEMENT

As at the close of business on 30 September 2023, being the latest practicable date for the purpose of this indebtedness statement of the Enlarged Group prior to the printing of this circular, the total indebtedness of the Enlarged Group was as follows:

	Notes	**As at 30 September 2023** *HK$'000*
Interest-bearing bank borrowings – unsecured	*1*	574,506
Loan from the immediate holding company	*2*	358,722
Lease liabilities		387,142
		1,320,370

Notes:

1. The interest-bearing bank borrowings are unsecured, bear interest ranging from 2.10% to 5.39% per annum and are repayable within one year if excluding the inclusion of the repayment on demand clauses. The Enlarged Group's banking facilities were supported by corporate guarantees from the Company and certain of its subsidiaries.

2. The loan from the immediate holding company is unsecured, interest free and is repayable in one year subject to the terms and repayment conditions set out in the deed of assignment.

WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that the working capital available to the Group is sufficient for the Group's present requirements for at least the next 12 months from the date of publication of this circular after taking into account: (i) the internal resources of the Group; (ii) the available banking facilities of the Group; and (iii) the Acquisition.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Over the years, the principal business activities of the Group have been the production, dyeing and sale of knitted fabric, yarn and garments. For the fiscal year ended 31 March 2023, the revenue of the Group derived from the textile business segment accounted for approximately 70.9% of the Group's total revenue. Due to rising costs pressure and order demand slowdown affected by the high global inflation and disrupted consumer sentiment, the Group has been actively exploring opportunities in setting up another production base in Southeast Asia where lower production costs and higher operating efficiency can be expected.

Geographically, the customers in United States of America of the Group who normally have stricter requirements on the quality of raw materials (such as cottons) contributed approximately 28.6% of the Group's total revenue for the fiscal year ended 31 March 2023. By acquiring a new production facility in Vietnam, the Group is able to enhance its business flexibility against geopolitical risks and to maintain its business relationships with customers in the overseas market.

The Buildings as well as the Plant and Equipment of the Target Company were newly built or bought for the manufacturing process of the textile business in Vietnam. The expected production capacity of the Target Company is about 25% of the current capacity of the Group's production base in Dongguan, Guangdong Province in mainland China. The Acquisition enables the Group to broaden its production base and strategically diversify its business development environment.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, to the best of the Directors' knowledge, there has been no material adverse change in the financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were prepared.

The following is the text of a report on the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of this circular.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF TEXWINCA HOLDINGS LIMITED

We report on the historical financial information of Fashion Time Viet Nam Limited (the "**Target Company**") set out on pages II-4 to II-41, which comprises the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Target Company for the period from 4 June 2020 (date of incorporation) to 31 December 2020, each of the years ended 31 December 2021 and 2022 and the seven months ended 31 July 2023 (the "**Relevant Periods**"), and the statements of financial position of the Target Company as at 31 December 2020, 2021 and 2022, and 31 July 2023, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages II-4 to II-41 forms an integral part of this report, which has been prepared for inclusion in the circular of Texwinca Holdings Limited (the "**Company**") dated 24 November 2023 (the "**Circular**") in connection with the proposed acquisition of 100% equity interest in the Target Company.

Directors' responsibility for the Historical Financial Information

The directors of the Target Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Target Company as at 31 December 2020, 2021 and 2022 and 31 July 2023, and of the financial performance and cash flows of the Target Company for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of Interim Comparative Financial Information

We have reviewed the interim comparative financial information of the Target Company which comprises the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the seven months ended 31 July 2022 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Target Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page II-4 have been made.

Dividends

We refer to note 9 to the Historical Financial Information which states no dividends have been paid by the Target Company in respect of the Relevant Periods.

Ernst & Young
Certified Public Accountants
Hong Kong
24 November 2023

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Target Company for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in United States dollar (the "**US$**").

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Period from 4 June 2020 (date of incorporation) to 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	Seven months ended 31 July 2022	Seven months ended 31 July 2023
		US$	US$	US$	US$ (Unaudited)	US$
Revenue	5	–	–	14,276,951	9,026,124	7,896,654
Cost of sales		–	–	(18,188,074)	(10,533,389)	(10,097,186)
Gross loss		–	–	(3,911,123)	(1,507,265)	(2,200,532)
Other income and gains	5	95	110,384	329,094	309,442	1,287
Administrative expenses		(36,618)	(714,115)	(1,741,980)	(826,244)	(1,504,525)
Selling and distribution expenses		–	–	(227,915)	(78,728)	(161,196)
Other operating expenses, net		(31)	(199)	(5,140)	(5,140)	(16,128)
LOSS BEFORE TAX	6	(36,554)	(603,930)	(5,557,064)	(2,107,935)	(3,881,094)
Income tax	8	–	–	–	–	–
LOSS FOR THE PERIOD/YEAR AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD/YEAR		(36,554)	(603,930)	(5,557,064)	(2,107,935)	(3,881,094)

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2020 *US$*	As at 31 December 2021 *US$*	As at 31 December 2022 *US$*	As at 31 July 2023 *US$*
NON-CURRENT ASSETS					
Property, plant and equipment	*10*	–	40,336	47,333,262	48,209,569
Construction in progress	*11*	86,737	37,294,938	3,551,986	1,752,091
Right-of-use assets	*12*	–	14,921,140	14,570,054	14,365,254
Prepayments	*14*	3,503,125	152,430	1,085,509	703,990
Total non-current assets		3,589,862	52,408,844	66,540,811	65,030,904
CURRENT ASSETS					
Inventories	*13*	–	2,323,272	2,779,132	2,010,077
Prepayments, deposits and other receivables	*14*	10,706	5,375,978	1,236,927	1,232,559
Due from a fellow subsidiary	*18*	–	–	1,280,006	4,819,769
Cash and bank balances	*15*	52,878	1,868,974	3,190,588	501,149
Total current assets		63,584	9,568,224	8,486,653	8,563,554
CURRENT LIABILITIES					
Trade payables	*16*	–	2,710,376	1,648,774	937,414
Other payables	*17*	–	34,069	696,440	514,917
Loan from the immediate holding company	*18*	2,860,000	28,827,727	59,510,000	65,990,000
Due to fellow subsidiaries	*18*	–	15,383,107	2,459,400	760
Due to related parties	*18*	–	–	990,398	310,009
Total current liabilities		2,860,000	46,955,279	65,305,012	67,753,100
NET CURRENT LIABILITIES		(2,796,416)	(37,387,055)	(56,818,359)	(59,189,546)
Net assets		793,446	15,021,789	9,722,452	5,841,358
EQUITY					
Owner's capital	*19*	830,000	15,662,273	15,920,000	15,920,000
Accumulated losses		(36,554)	(640,484)	(6,197,548)	(10,078,642)
Total equity		793,446	15,021,789	9,722,452	5,841,358

STATEMENTS OF CHANGES IN EQUITY

	Note	**Issued capital** *US$*	**Accumulated losses** *US$*	**Total equity** *US$*
Capital injection on 4 June 2020 (date of incorporation)	*19*	830,000	–	830,000
Loss for the year and total comprehensive loss for the period		–	(36,554)	(36,554)
At 31 December 2020 and 1 January 2021		830,000	(36,554)	793,446
Capital injection	*19*	14,832,273	–	14,832,273
Loss for the year and total comprehensive loss for the year		–	(603,930)	(603,930)
At 31 December 2021 and 1 January 2022		15,662,273	(640,484)	15,021,789
Capital injection	*19*	257,727	–	257,727
Loss for the year and total comprehensive loss for the year		–	(5,557,064)	(5,557,064)
At 31 December 2022 and 1 January 2023		15,920,000	(6,197,548)	9,722,452
Loss for the year and total comprehensive loss for the period		–	(3,881,094)	(3,881,094)
At 31 July 2023		15,920,000	(10,078,642)	5,841,358
At 31 December 2021		15,662,273	(640,484)	15,021,789
Capital injection	*19*	257,727	–	257,727
Loss for the period and total comprehensive loss for the period (unaudited)		–	(2,107,935)	(2,107,935)
At 31 July 2022 (unaudited)		15,920,000	(2,748,419)	13,171,581

STATEMENTS OF CASH FLOWS

	Notes	Period from 4 June 2020 (date of incorporation) to 31 December 2020 US$	Year ended 31 December 2021 US$	Year ended 31 December 2022 US$	Seven months ended 31 July 2022 US$ (Unaudited)	Seven months ended 31 July 2023 US$
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax:		(36,554)	(603,930)	(5,557,064)	(2,107,935)	(3,881,094)
Adjustments for:						
Interest income	5	(95)	(1,146)	(2,140)	(1,821)	(1,231)
Depreciation of property, plant and equipment	6	–	4,275	1,305,065	391,283	1,910,468
Depreciation of right-of-use assets	6	–	321,829	351,086	204,800	204,800
		(36,649)	(278,972)	(3,903,053)	(1,513,673)	(1,767,057)
(Increase)/decrease in inventories		–	(2,323,272)	(455,860)	(543,462)	769,055
Increase in amounts due from a fellow subsidiary		–	–	(1,280,006)	(1,740,971)	(3,539,763)
(Increase)/decrease in prepayments, deposits and other receivables		(3,513,831)	(2,014,577)	3,205,972	3,261,744	385,887
Increase/(decrease) in amounts due to fellow subsidiaries		–	15,383,107	(12,923,707)	(6,702,225)	(2,458,640)
Increase/(decrease) in amounts due to related parties		–	–	990,398	1,353,068	(680,389)
Increase/(decrease) in trade payables		–	2,710,376	(1,061,602)	421,368	(711,360)
Increase/(decrease) in other payables and accruals		–	34,069	662,371	361,487	(181,523)
Net cash flows from/(used in) operating activities		(3,550,480)	13,510,731	(14,765,487)	(5,102,664)	(8,183,790)

	Notes	Period from 4 June 2020 (date of incorporation) to 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	Seven months ended 31 July 2022	Seven months ended 31 July 2023
		US$	US$	US$	US$ (Unaudited)	US$
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		95	1,146	2,140	1,821	1,231
Additions to construction in progress	11	(86,737)	(37,208,201)	(16,550,627)	(13,077,176)	(1,028,616)
Purchases of items of property, plant and equipment	10	–	(44,611)	(118,036)	(19,356)	(4,941)
Proceeds from disposal of items of property, plant and equipment		–	–	1,813,624	–	46,677
Payments to acquire right-of-use assets	12	–	(15,242,969)	–	–	–
Net cash flows used in investing activities		(86,642)	(52,494,635)	(14,852,899)	(13,094,711)	(985,649)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from Capital injection	19	830,000	14,832,273	–	–	–
Proceeds from loan from the immediate holding company	20	2,860,000	40,837,727	65,670,000	31,370,000	37,970,000
Repayment of loan from the immediate holding company	20	–	(14,870,000)	(34,730,000)	(14,730,000)	(31,490,000)
Net cash flows from financing activities		3,690,000	40,800,000	30,940,000	16,640,000	6,480,000

	Notes	Period from 4 June 2020 (date of incorporation) to 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2022	Seven months ended 31 July 2022	Seven months ended 31 July 2023
		US$	*US$*	*US$*	*US$* (*Unaudited*)	*US$*
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		52,878	1,816,096	1,321,614	(1,557,375)	(2,689,439)
Cash and cash equivalents at beginning of year		–	52,878	1,868,974	1,868,974	3,190,588
CASH AND CASH EQUIVALENTS AT END OF YEAR		52,878	1,868,974	3,190,588	311,599	501,149
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*15*	52,878	1,868,974	3,190,588	311,599	501,149

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Target Company is a limited liability company established in the Socialist Republic of Vietnam ("**Vietnam**"). The registered office of the Target Company is located at Hai Ha Industrial Zone, Quang Ha Town, Hai Ha District, Quang Ninh Province, Vietnam.

During the Relevant Periods, the principal activity of the Target Company was involved in manufacturing of knitted garment fabrics in Vietnam.

2.1 BASIS OF PRESENTATION

On 4 August 2023 (after trading hours), the Company entered into the Acquisition Agreement with the Vendor, pursuant to which the Company has conditionally agreed to acquire the Sale Shares and purchase the benefit of, by way of an assignment, the Loan, and the Vendor has conditionally agreed to sell the Sale Shares and assign the Loan to the Purchaser at the Consideration of US$78,591,942 (subject to completion adjustment). The acquisition of a textile factory in Vietnam allows the Company to broaden its production base to reduce its geopolitical risks and at the same time create a flexible and more diversified business development environment.

At 31 July 2023, the Target Company had net current liabilities of US$59,189,546. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern. Therefore, the Target Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The Historical Financial Information have been prepared under the going concern concept because the existing immediate holding company has agreed not to demand for repayment on the loan owing by the Target Company unless it has sufficient resources to repay and the Company has agreed to provide adequate funds for the Target Company to meet its financial liability as and when they fall due upon completion of the Acquisition. The directors are therefore of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis. Should the Target Company be unable to continue as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Target Company's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong.

All HKFRSs effective for the accounting period together with the relevant transitional provisions, have been early adopted by the Target Company in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Target Company has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to HKFRS 16	*Lease Liability in a Sale and Leaseback*[2]
HKFRS 17	*Insurance Contracts*[1]
Amendments to HKFRS 17	*Insurance Contracts*[1, 5]
Amendment to HKFRS 17	*Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information*[6]
Amendments to HKAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")[2, 4]
Amendments to HKAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	*Disclosure of Accounting Policies*[1]
Amendments to HKAS 8	*Definition of Accounting Estimates*[1]
Amendments to HKAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[1]

1 Effective for annual periods beginning on or after 1 January 2023

2 Effective for annual periods beginning on or after 1 January 2024

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

6 An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

The Target Company is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, it has concluded that the adoption of them will not have a material impact on theTarget Company's financial position and financial performance.

2.4 MATERIAL ACCOUNTING POLICY INFORMATION

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets) the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Target Company if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Target Company;

  (ii) has significant influence over the Target Company; or

  (iii) is a member of the key management personnel of the Target Company or of a parent of the Target Company;

  or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Target Company are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Target Company are joint ventures of the same third party;

  (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

  (v) the entity is a post-employment benefit plan for the benefit of employees of either the Target Company or an entity related to the Target Company;

  (vi) the entity is controlled or jointly controlled by a person identified in (a);

  (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity; and

  (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Target Company or to the parent of the Target Company.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost or valuation less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Target Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Change in values of property, plant and equipment are dealt with as movement in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to profit or loss. Any subsequent revaluation surplus is credited to profit or loss to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Buildings	25 years or over the remaining lease terms of related land, whichever is shorter
Plant and machinery	10 to 20 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress

Construction in progress represents plant and machinery under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and, for work in progress and finished goods, cost comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal or to make the sale.

Leases

The Target Company assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Target Company as a lessee

The Target Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Target Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Prepaid land lease payments	Over the lease terms

If ownership of the leased asset transfers to the Target Company by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Short-term leases

The Target Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Target Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Target Company has applied the practical expedient of not adjusting the effect of a significant financing component, the Target Company initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Target Company has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Target Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Impairment of financial assets

The Target Company recognises an allowance for expected credit losses ("**ECLs**") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Target Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Target Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Target Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Target Company considers that there has been a significant increase in credit risk when contractual payments are more than 90 days past due.

The Target Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Target Company may also consider a financial asset to be in default when internal or external information indicates that the Target Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Target Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Target Company applies the practical expedient of not adjusting the effect of a significant financing component, the Target Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Target Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Target Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Target Company chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Target Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Target Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Target Company has transferred substantially all the risks and rewards of the asset, or (b) the Target Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target Company has transferred its rights to receive cash flows from an asset or has entered into a "pass-through" arrangement, it evaluates, if and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Target Company continues to recognise the transferred asset to the extent of the Target Company's continuing involvement. In that case, the Target Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Target Company could be required to repay.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or loans and borrowings and payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Target Company's financial liabilities include trade payables, financial liabilities included in other payables and accruals, loan from the immediate holding company and balances with the group companies and related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Target Company that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Target Company's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, the loan from the immediate holding company are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Target Company operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and an associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and an associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Cash and bank balances

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash and bank balances, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and cash at banks, which are not restricted as to use.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Target Company expects to be entitled in exchange for those goods or services.

Rendering of processing services

Revenue from the provision of services is recognised upon the completion of the relevant services.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividends

Final and special dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Target Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Employee benefits

Social insurance scheme

The Target Company contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam in accordance with the Vietnam social and health insurance laws. The Target Company contributes to the scheme at a rate of 20% of the employee's salary. The stated-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

These financial statements are presented in United States dollars, which is the Target Company's functional currency. Foreign currency transactions recorded by the Target Company are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Target Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Target Company determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Target Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment and right-of-use assets

The Target Company determines whether property, plant and equipment and right-of-use assets are impaired when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying values of these assets exceed their recoverable amounts, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair values less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of inventories. The assessment of the required write-down amount involves management's judgement and estimates, based on management's expectations for future sales net of estimated selling expenses. Where the actual outcome or expectation in future is different from the original estimate, such differences will have an impact on the carrying amounts of the inventories and the write-down charge/write-back amount in the period in which such estimate has been changed. The carrying amount of inventories at 31 December 2020, 2021 and 2022 and 31 July 2023 were Nil, US $2,323,272, US$2,779,132 and US$2,010,077, respectively. Further details are contained in note 13 to the financial statements.

Depreciation of property, plant and equipment

The Target Company depreciates the different classes of property, plant and equipment on a straight-line basis at applicable depreciation rates over the estimated useful life. The useful life is estimated with reference to the wear and tear history of property, plant and equipment. The estimated useful life reflects the directors' estimates of the periods that the Target Company intends to derive future economic benefits from the use of the Target Company's property, plant and equipment. The carrying amounts of property, plant and equipment at 31 December 2020, 2021 and 2022 and 31 July 2023 were Nil, US$40,336, US$47,333,262 and US$48,209,569, respectively. Further details are contained in note 10 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Target Company is organised into a business unit based on their services and has one reportable operating segment which was manufacturing and processing of knitted garment fabrics in Vietnam during the Relevant Periods.

Geographical information

Since all of the Target Company's non-current assets were located in Vietnam, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about a major customer

Revenue from customers individually contributing over 10% to the total revenue of the Target Company's during the Relevant Periods is set out below:

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	2021	2022	2022	2023
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Customer A	–	–	14,262,398	9,011,571	7,896,654

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	2021	2022	2022	2023
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Revenue from contracts with customers					
Rendering of processing services	–	–	14,276,951	9,026,124	7,896,654

(i) Disaggregated revenue information

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	**2021**	**2022**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Type of goods or services					
Rendering of processing services	–	–	14,276,951	9,026,124	7,896,654
Timing of revenue recognition					
At a point in time	–	–	14,276,951	9,026,124	7,896,654

(ii) Performance obligations

Information about the Target Company's performance obligations is summarised below:

Rendering of processing services

The performance obligation is satisfied at a point in time when services are rendered and payment is generally due upon completion of services and customer acceptance.

An analysis of other income is as follows:

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	**2021**	**2022**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Other income and gains					
Interest income	95	1,146	2,140	1,821	1,231
Foreign exchanges differences, net	–	109,238	326,594	307,589	–
Others	–	–	360	32	56
	95	110,384	329,094	309,442	1,287

6. LOSS BEFORE TAX

The Target Company's loss before tax is arrived at after charging/(crediting):

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	**2021**	**2022**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Depreciation of property, plant and equipment *(note 10)*	–	4,275	1,305,065	391,283	1,910,468
Depreciation of right-of-use assets *(note 12)*	–	321,829	351,086	204,800	204,800
Employee benefit expense (including directors' remuneration *(note 7)*):					
Salaries, allowances and benefits in kind	29,563	150,357	2,834,282	1,226,262	3,226,921
Auditor's remuneration	–	8,278	6,280	3,767	7,052
Foreign exchanges differences, net*	–	(109,238)	(326,594)	(307,589)	12,220

* This item is included in the "Other operating expenses, net"/"Other income and gains" on the face of the statement of profit or loss.

7. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	**2021**	**2022**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	–	–	–	–	3,256
	–	–	–	–	3,256

Five highest paid employees

The five highest paid employees during the seven months ended 31 July 2023 included 1 director. Details of the remuneration of the remaining non-director, highest paid employees for the Relevant Periods are as follows:

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	**2021**	**2022**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Salaries, allowances and benefits in kind	29,563	100,262	284,519	152,388	88,992

The number of the non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Numbers of employees				
	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	**2021**	**2022**	**2022**	**2023**
				(Unaudited)	
Nil to US$100,000	5	5	5	5	4*

* Mr. Bai Wei Min was appointed as the executive director of the Target Company on 1 July 2023.

Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year or after the year end.

8. INCOME TAX

As approved by the relevant tax bureau in Vietnam, the Target Company is entitled to a preferential corporate income tax rate of 10% for 15 years starting from the first year of revenue generation, and four years' exemption for corporate income taxes followed by nine years of a 50% tax reduction commencing from the first year deriving taxable income. If the Target Company does not generate any taxable income in three consecutive years from the first year it generates revenue, the tax incentive period will be started in the fourth year. No provision for Vietnam Corporate Income Tax has been made as the Target Company did not generate any assessable profits in Vietnam during the Relevant Periods.

A reconciliation of the tax credit applicable to loss before tax using the statutory rates for the jurisdictions in which the Target Company are domiciled to the tax expense at the effective tax rates is as follows:

	Period from 4 June 2020 (date of incorporation) to 31 December	Year ended 31 December		Seven months ended 31 July	
	2020	**2021**	**2022**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Loss before tax	(36,554)	(603,930)	(5,557,064)	(2,107,935)	(3,881,094)
Tax at the statutory tax rate at 20%	(7,311)	(120,786)	(1,111,413)	(421,587)	(776,219)
Lower tax rate for specific economic zone	–	–	555,706	210,794	388,109
Income not subject to tax	–	(4,009)	(187)	–	–
Expenses not deductible for tax	–	4,406	5,177	–	386
Tax losses not recognised	7,311	120,389	550,717	210,793	387,724
Tax position	–	–	–	–	–

The Target Company has tax losses arising in Vietnam of approximately US$37,000, US$639,000, US$6,146,000 and US$10,023,000 as at 31 December 2020, 2021 and 2022 and 31 July 2023, respectively, that are available for a maximum of five years for offsetting against future taxable profits of the Target Company in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will available against which the tax losses can be utilised.

9. DIVIDENDS

No dividends have been paid or declared by the Target Company during the Relevant Periods.

10. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	US$	*US$*	*US$*	*US$*	*US$*
31 December 2021					
At 4 June 2020 (date of incorporation), 31 December 2020 and 1 January 2021:					
Cost	–	–	–	–	–
Accumulated depreciation	–	–	–	–	–
Net carrying amount	–	–	–	–	–
At 1 January 2021, net of accumulated depreciation	–	–	–	–	–
Additions	–	–	2,328	42,283	44,611
Depreciation provided during the year *(note 6)*	–	–	(311)	(3,964)	(4,275)
At 31 December 2021, net of accumulated depreciation	–	–	2,017	38,319	40,336
At 31 December 2021:					
Cost	–	–	2,328	42,283	44,611
Accumulated depreciation	–	–	(311)	(3,964)	(4,275)
Net carrying amount	–	–	2,017	38,319	40,336

	Buildings *US$*	Plant and machinery *US$*	Furniture, fixtures and office equipment *US$*	Motor vehicles *US$*	Total *US$*
31 December 2022					
At 1 January 2022:					
Cost	–	–	2,328	42,283	44,611
Accumulated depreciation	–	–	(311)	(3,964)	(4,275)
Net carrying amount	–	–	2,017	38,319	40,336
At 1 January 2022, net of accumulated depreciation	–	–	2,017	38,319	40,336
Additions	–	–	94,670	23,366	118,036
Transfer from construction in progress *(note 11)*	24,111,714	20,810,519	5,111,391	259,955	50,293,579
Disposals	–	(1,813,624)	–	–	(1,813,624)
Depreciation provided during the year *(note 6)*	(495,196)	(691,373)	(101,707)	(16,789)	(1,305,065)
At 31 December 2022, net of accumulated depreciation	23,616,518	18,305,522	5,106,371	304,851	47,333,262
At 31 December 2022:					
Cost	24,111,714	18,968,495	5,208,389	325,604	48,614,202
Accumulated depreciation	(495,196)	(662,973)	(102,018)	(20,753)	(1,280,940)
Net carrying amount	23,616,518	18,305,522	5,106,371	304,851	47,333,262

	Buildings	Plant and machinery	Furniture, fixtures and office equipment	Motor vehicles	Total
	US$	*US$*	*US$*	*US$*	*US$*
31 July 2023					
At 1 January 2023:					
Cost	24,111,714	18,968,495	5,208,389	325,604	48,614,202
Accumulated depreciation	(495,196)	(662,973)	(102,018)	(20,753)	(1,280,940)
Net carrying amount	23,616,518	18,305,522	5,106,371	304,851	47,333,262
At 1 January 2023, net of accumulated depreciation	23,616,518	18,305,522	5,106,371	304,851	47,333,262
Additions	–	–	4,941	–	4,941
Transfer from construction in progress *(note 11)*	–	2,823,777	4,734	–	2,828,511
Disposals	–	–	(46,677)	–	(46,677)
Depreciation provided during the year *(note 6)*	(611,695)	(958,829)	(311,867)	(28,077)	(1,910,468)
At 31 July 2023, net of accumulated depreciation	23,004,823	20,170,470	4,757,502	276,774	48,209,569
At 31 July 2023:					
Cost	24,111,714	21,792,272	5,166,747	325,604	51,396,337
Accumulated depreciation	(1,106,891)	(1,621,802)	(409,245)	(48,830)	(3,186,768)
Net carrying amount	23,004,823	20,170,470	4,757,502	276,774	48,209,569

11. CONSTRUCTION IN PROGRESS

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
At beginning of year/period	–	86,737	37,294,938	3,551,986
Additions	86,737	37,208,201	16,550,627	1,028,616
Transfer to property, plant and equipment *(note 10)*	–	–	(50,293,579)	(2,828,511)
At end of year/period	86,737	37,294,938	3,551,986	1,752,091

12. LEASES

The Target Company as a lessee

The Target Company has lease contracts for various items of prepaid land lease payments used in its operations. Prepaid land lease payments have lease terms of 43 years.

(a) Right-of-use assets

The carrying amounts of the Target Company's right-of-use assets and the movements during the Relevant Periods are as follows:

	Prepaid land lease payments *US$*
At 4 June 2020 (date of incorporation), 31 December 2020 and 1 January 2021	–
Additions	15,242,969
Depreciation charge	(321,829)
At 31 December 2021 and 1 January 2022	14,921,140
Depreciation charge	(351,086)
At 31 December 2022 and 1 January 2023	14,570,054
Depreciation charge	(204,800)
At 31 July 2023	14,365,254

(b) The amounts recognised in profit or loss in relation to leases are as follows:

	Period from 4 June 2020 (date of incorporation) to 31 December	**Year ended 31 December**		**Seven months ended 31 July**	
	2020	**2021**	**2022**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*	*US$*
				(Unaudited)	
Depreciation of right-of-use assets	–	321,829	351,086	204,800	204,800

13. INVENTORIES

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Raw materials	–	2,323,272	2,236,865	1,584,444
Work in progress	–	–	542,267	425,633
	–	2,323,272	2,779,132	2,010,077

14. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Prepayments	3,503,125	160,895	1,098,884	838,951
Deposits and other receivables	10,706	5,367,513	1,223,552	1,097,598
	3,513,831	5,528,408	2,322,436	1,936,549
Less: Non-current portion	(3,503,125)	(152,430)	(1,085,509)	(703,990)
Current portion	10,706	5,375,978	1,236,927	1,232,559

Expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2020, 2021 and 2022 and 31 July 2023 were insignificant.

15. CASH AND BANK BALANCES

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Cash and bank balances	52,878	1,868,974	3,190,588	501,149

At the end of the reporting period, the above balances include cash and bank balances denominated in Vietnamese Dong ("**VND**") amounted to US$42,905, US$1,672,728, US$3,130,224 and US$415,586 as at 31 December 2020, 2021 and 2022 and 31 July 2023, respectively.

VND is not freely convertible into other currencies. However, under the Sale and Payment of Foreign Exchange Regulations and the Law on Foreign Investment in Vietnam, the Target Company is permitted to exchange VND for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are placed with creditworthy banks with no recent history of default.

16. TRADE PAYABLES

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Trade payables	–	2,710,376	1,648,774	937,414

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Within 60 days	–	2,252,842	837,241	217,324
Over 60 days	–	457,534	811,533	720,090
	–	2,710,376	1,648,774	937,414

At the end of the reporting period, the trade payables are non-interest-bearing and are normally settled on 60-day terms.

17. OTHER PAYABLES

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Other payables	–	34,069	696,440	514,917

18. BALANCE WITH GROUP COMPANIES AND RELATED PARTIES

The loan from the immediate holding company is unsecured, interest-free and repayable within one year.

The balances with the fellow subsidiaries and related parties are unsecured, interest-free and repayable on demand.

19. OWNER'S CAPITAL

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Registered charter capital	830,000	15,662,273	15,920,000	15,920,000

A summary of movements in the Target Company's owner's capital is as follows:

	Owner's capital
	US$
At 4 June 2020 (date of incorporation)	–
Capital injection *(note a)*	830,000
At 31 December 2020 and 1 January 2021	830,000
Capital injection *(note a)*	14,832,273
At 31 December 2021 and 1 January 2022	15,662,273
Capital injection *(note b)*	257,727
At 31 December 2022, 1 January 2023 and 31 July 2023	15,920,000

Notes:

(a) The capital injection was in the form of cash and was paid on 4 June 2020 and 4 August 2021, respectively.

(b) The capital injection was in the form of loan capitalisation on 5 January 2022.

20. NOTES TO THE STATEMENT OF CASH FLOWS

Change in liabilities arising from financing activities

	Loan from the immediate holding company
	US$
At 4 June 2020 (date of incorporation)	–
New loan	2,860,000
At 31 December 2020 and 1 January 2021	2,860,000
New loan	40,837,727
Repayment of loan from the immediate holding company	(14,870,000)
At 31 December 2021 and 1 January 2022	28,827,727
Loan capitalisation *(note 19)*	(257,727)
New loan	65,670,000
Repayment of loan	(34,730,000)
At 31 December 2022 and 1 January 2023	59,510,000
New loan	37,970,000
Repayment of loan	(31,490,000)
At 31 July 2023	65,990,000

21. CAPITAL COMMITMENTS

	As at 31 December			**As at 31 July**
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Contracted, but not provided:				
Property, plant and equipment	28,971,630	19,313,591	4,391,838	4,307,052

22. RELATED PARTY TRANSACTIONS

(a) During the year, the Target Company had the following related party transactions:

	Notes	**Period from 4 June 2020 (date of incorporation) to 31 December 2020** *US$*	**Year ended 31 December 2021** *US$*	**2022** *US$*	**Seven months ended 31 July 2022** *US$* *(Unaudited)*	**2023** *US$*
Rendering of processing services to a fellow subsidiary	*(i)*	–	–	14,262,398	9,011,571	7,896,654
Purchases of goods from fellow subsidiaries	*(ii)*	–	2,323,272	1,084,193	986,675	100,981
Purchases of goods from related parties	*(ii)*	–	15,332,922	6,038,849	3,537,437	2,830,061
Sales of fixed assets to a fellow subsidiary	*(iii)*	–	–	1,813,624	–	51,345
Purchases of fixed assets from ultimate holding company	*(iii)*	–	258,934	–	–	–
Purchases of fixed assets from fellow subsidiaries	*(iii)*	–	16,331,399	10,165,410	7,610,081	875,955
Purchases of fixed assets from related parties	*(iii)*	–	–	1,567,728	1,567,728	–

Notes:

(i) Rendering of processing services to a fellow subsidiary was made according to mutually agreed prices under normal business terms.

(ii) Purchases of goods from fellow subsidiaries and related parties were made according to mutually agreed prices under normal business terms.

(iii) Sales and purchases of fixed assets from ultimate holding company, fellow subsidiaries and related parties were made according to mutually agreed prices under normal business terms.

(b) Compensation of key management personnel of the Target Company:

	Period from 4 June 2020 (date of incorporation) to 31 December *US$*	**Year ended 31 December 2021** *US$*	**2022** *US$*	**Seven months ended 31 July 2022** *US$* *(Unaudited)*	**2023** *US$*
Total compensation paid to key management personnel	29,563	100,262	284,519	152,388	92,248

The compensation of the directors, who are key management personnel of the Target Company, is included in note 7 to the financial statements.

(c) Outstanding balances with related parties:

As disclosed in the statement of financial position, the Target Company had outstanding balances with the immediate holding company, fellow subsidiaries and related parties, particulars of which are set out in note 18 to the financial statements.

23. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Financial assets included in prepayments, deposits and other receivables *(note 14)*	10,706	5,367,513	1,223,552	1,097,598
Due from a fellow subsidiary	–	–	1,280,006	4,819,769
Cash and bank balances	52,878	1,868,974	3,190,588	501,149
	63,584	7,236,487	5,694,146	6,418,516

Financial liabilities

	As at 31 December			As at 31 July
	2020	**2021**	**2022**	**2023**
	US$	*US$*	*US$*	*US$*
Trade payables	–	2,710,376	1,648,774	937,414
Financial liabilities included in other payables and accruals	–	34,069	696,440	514,917
Loan from the immediate holding company	2,860,000	28,827,727	59,510,000	65,990,000
Due to fellow subsidiaries	–	15,383,107	2,459,400	760
Due to related parties	–	–	990,398	310,009
	2,860,000	46,955,279	65,305,012	67,753,100

24. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair values of the financial assets and liabilities are included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Management has assessed that the fair values of cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and balances with group companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Target Company did not have any financial assets and liabilities measured at fair value as at 31 December 2020, 2021 and 2022 and 31 July 2023.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Company's principal financial instruments, comprise cash and bank balances. The main purpose of these financial instruments is to raise finance for the Target Company's operations. The Target Company has various other financial assets and liabilities such as trade payables and balances with group companies, which arise directly from its operations.

The main risks arising from the Target Company's financial instruments are credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Target Company trades only with recognised and creditworthy group companies and third parties. It is the Target Company's policy that only well-established customers will be considered for open account terms and the approval of credit terms is subject to stringent credit check procedures. In addition, receivable balances are monitored on an ongoing basis and the Target Company's exposure to bad debts is not significant.

The credit risk of the Target Company's other financial assets, which comprise cash and bank balances and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of these instruments, which is considered by the directors as not significant as the counterparties of these other financial assets are mainly well-recognised corporations.

Since the Target Company trades only with recognised and creditworthy group companies and third parties, there is no requirement for collateral.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Target Company's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2020, 2021 and 2022. The amounts presented are gross carrying amounts for financial assets.

31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	US$	*US$*	*US$*	*US$*	*US$*
Financial assets included in prepayments, deposits and other receivables	10,706	–	–	–	10,706
Cash and bank balances	52,878	–	–	–	52,878
	63,584	–	–	–	63,584

31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	US$	*US$*	*US$*	*US$*	*US$*
Financial assets included in prepayments, deposits and other receivables	5,367,513	–	–	–	5,367,513
Cash and bank balances	1,868,974	–	–	–	1,868,974
	7,236,487	–	–	–	7,236,487

31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	US$	*US$*	*US$*	*US$*	*US$*
Financial assets included in prepayments, deposits and other receivables	1,223,552	–	–	–	1,223,552
Due from a fellow subsidiary	1,280,006	–	–	–	1,280,006
Cash and bank balances	3,190,588	–	–	–	3,190,588
	5,694,146	–	–	–	5,694,146

31 July 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	US$	*US$*	*US$*	*US$*	*US$*
Financial assets included in prepayments, deposits and other receivables	1,097,598	–	–	–	1,097,598
Due from a fellow subsidiary	4,819,769	–	–	–	4,819,769
Cash and bank balances	501,149	–	–	–	501,149
	6,418,516	–	–	–	6,418,516

Liquidity risk

The Target Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

The maturity profile of the Target Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

31 December 2020

	On demand	Less than 3 months	3 to less than 12 months	Total
	US$	*US$*	*US$*	*US$*
Loan from the immediate holding company	–	–	2,860,000	2,860,000

31 December 2021

	On demand	Less than 3 months	3 to less than 12 months	Total
	US$	*US$*	*US$*	*US$*
Trade payables	–	2,325,156	385,220	2,710,376
Financial liabilities included in other payables and accrued liabilities	–	34,069	–	34,069
Loan from the immediate holding company	–	–	28,827,727	28,827,727
Due to fellow subsidiaries	15,383,107	–	–	15,383,107
	15,383,107	2,359,225	29,212,947	46,955,279

31 December 2022

	On demand	Less than 3 months	3 to less than 12 months	Total
	US$	*US$*	*US$*	*US$*
Trade payables	–	957,675	691,099	1,648,774
Financial liabilities included in other payables and accrued liabilities	–	696,440	–	696,440
Loan from the immediate holding company	–	–	59,510,000	59,510,000
Due to fellow subsidiaries	2,459,400	–	–	2,459,400
Due to related parties	990,398	–	–	990,398
	3,449,798	1,654,115	60,201,099	65,305,012

31 July 2023

	On demand	Less than 3 months	3 to less than 12 months	Total
	US$	*US$*	*US$*	*US$*
Trade payables	–	217,324	720,090	937,414
Financial liabilities included in other payables and accrued liabilities	–	514,917	–	514,917
Loan from the immediate holding company	–	–	65,990,000	65,990,000
Due to fellow subsidiaries	760	–	–	760
Due to related parties	310,009	–	–	310,009
	310,769	732,241	66,710,090	67,753,100

Capital management

The Target Company manages its capital to ensure that the Target Company will be able to continue as a going concern and while maximizing the return to the ordinary equity holders through the optimisation of the debt and equity balance.

The Target Company regards total equity as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Target Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2020, 2021 and 2022 and 31 July 2023.

The Target Company monitors capital using gearing ratio, which is trade payables, other payables, loan from the immediate holding company, due to fellow subsidiaries and related parties, less cash and cash equivalents, divided by total equity. The Target Company's policy is to maintain the gearing ratio at an appropriate level.

	As at 31 December			As at 31 July
	2020	2021	2022	2023
	US$	*US$*	*US$*	*US$*
Trade payables	–	2,710,376	1,648,774	937,414
Other payables	–	34,069	696,440	514,917
Loan from the immediate holding company	2,860,000	28,827,727	59,510,000	65,990,000
Due to fellow subsidiaries	–	15,383,107	2,459,400	760
Due to related parties	–	–	990,398	310,009
Less: Cash and bank balances	(52,878)	(1,868,974)	(3,190,588)	(501,149)
	2,807,122	45,086,305	62,114,424	67,251,951
Total equity	793,446	15,021,789	9,722,452	5,841,358
Gearing ratio *(times)*	3.5	3.0	6.4	11.5

26. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events for which additional disclosure or adjustments is required after the end of the Relevant Periods.

27. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 July 2023.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Texwinca Holdings Limited (the "**Company**") and its subsidiaries (hereafter collectively referred to as the "**Group**"), and Fashion Time Viet Nam Limited (the "**Target Company**") (the Group and the Target Company are hereafter collectively referred to as the "**Enlarged Group**"), comprising the unaudited pro forma combined statement of assets and liabilities of the Enlarged Group as at 31 March 2023, has been prepared by the directors of the Company (the "**Directors**") in accordance with Rule 4.29 of the Listing Rules and is solely prepared for the purpose to illustrate the effect of the proposed acquisition of the Target Company (the "**Acquisition**") to the Group as if the Acquisition has been completed on 31 March 2023.

The Unaudited Pro Forma Financial Information is prepared based on (i) the audited consolidated statement of financial position of the Group as at 31 March 2023 as set out in the annual report of the Company for the year ended 31 March 2023; and (ii) the audited combined statement of financial position of the Target Company as at 31 July 2023 which have been extracted from the financial information of the Target Company thereon set out in Appendix II to the circular dated 24 November 2023 ("**Circular**"), after making certain pro forma adjustments that are (i) directly attributable to the Acquisition; and (ii) factually supportable, as further described in the accompanying notes.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. As a result of the hypothetical nature of the Unaudited Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the proposed Acquisition been completed on 31 March 2023. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group, as incorporated by reference in Appendix I to this Circular, and that of the Target Company, as set out in Appendix II to this Circular, and other financial information included elsewhere in this Circular.

The Unaudited Pro Forma Financial Information

	The Group as at 31 March 2023	The Target Company as at 31 July 2023	The Target Company as at 31 July 2023	Pro forma adjustments				Unaudited pro forma of the Enlarged Group as at 31 March 2023
	HK$'000	*US$*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	*(note 6)*	
NON-CURRENT ASSETS								
Property, plant and equipment	1,204,066	48,209,569	376,035	–	–	47,795	–	1,627,896
Right-of-use assets	404,793	14,365,254	112,049	–	–	–	–	516,842
Investment properties	543,405	–	–	–	–	–	–	543,405
Construction in progress	5,218	1,752,091	13,666	–	–	–	–	18,884
Trademarks	33,293	–	–	–	–	–	–	33,293
Investment in a subsidiary	–	–	–	613,017	–	(613,017)	–	–
Prepayments	1,799	703,990	5,491	–	–	–	–	7,290
Long-term rental deposits	66,540	–	–	–	–	–	–	66,540
Financial assets at fair value through profit or loss	23,986	–	–	–	–	–	–	23,986
Long-term debt instruments at amortised cost	14,860	–	–	–	–	–	–	14,860
Goodwill	–	–	–	–	–	9,517	–	9,517
Deferred tax assets	47,954	–	–	–	–	–	–	47,954
Total non-current assets	2,345,914	65,030,904	507,241	613,017	–	(555,705)	–	2,910,467
CURRENT ASSETS								
Inventories	1,519,889	2,010,077	15,679	–	–	–	–	1,535,568
Trade receivables	562,372	–	–	–	37,594	–	–	599,966
Bills receivable	239,822	–	–	–	–	–	–	239,822
Prepayments, deposits and other receivables	252,326	1,232,559	9,614	–	–	–	–	261,940
Due from a fellow subsidiary	–	4,819,769	37,594	–	(37,594)	–	–	–
Financial assets at fair value through profit or loss	17,364	–	–	–	–	–	–	17,364
Debt instruments at amortised cost	25,357	–	–	–	–	–	–	25,357
Derivative financial assets	7,513	–	–	–	–	–	–	7,513
Tax recoverable	48,629	–	–	–	–	–	–	48,629
Cash and cash equivalents	1,927,436	501,149	3,909	(613,017)	–	–	(3,250)	1,315,078
Total current assets	4,600,708	8,563,554	66,796	(613,017)	–	–	(3,250)	4,051,237

	The Group as at 31 March 2023	The Target Company as at 31 July 2023	The Target Company as at 31 July 2023	Pro forma adjustments				Unaudited pro forma of the Enlarged Group as at 31 March 2023
	HK$'000	*US$*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(note 1)	*(note 2)*	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	*(note 6)*	
CURRENT LIABILITIES								
Trade payables	435,979	937,414	7,312	–	2,424	–	–	445,715
Bills payable	–	–	–	–	–	–	–	–
Other payables and accrued liabilities	531,762	514,917	4,016	–	–	–	–	535,778
Loan from the immediate holding company	–	65,990,000	514,722	–	–	(514,722)	–	–
Due to fellow subsidiaries	–	760	6	–	(6)	–	–	–
Due to related parties	–	310,009	2,418	–	(2,418)	–	–	–
Lease liabilities	117,871	–	–	–	–	–	–	117,871
Derivative financial liabilities	5,829	–	–	–	–	–	–	5,829
Interest-bearing bank borrowings	431,688	–	–	–	–	–	–	431,688
Tax payable	3,964	–	–	–	–	–	–	3,964
Total current liabilities	1,527,093	67,753,100	528,474	–	–	(514,722)	–	1,540,845
NET CURRENT ASSETS	3,073,615	(59,189,546)	(461,678)	(613,017)	–	514,722	(3,250)	2,510,392
TOTAL ASSETS LESS CURRENT LIABILITIES	5,419,529	5,841,358	45,563	–	–	(40,983)	(3,250)	5,420,859
NON-CURRENT LIABILITIES								
Other payables and accrued liabilities	9,999	–	–	–	–	–	–	9,999
Lease liabilities	298,152	–	–	–	–	–	–	298,152
Deferred tax liabilities	95,815	–	–	–	–	4,580	–	100,395
Total non-current liabilities	403,966	–	–	–	–	4,580	–	408,546
Net assets	5,015,563	5,841,358	45,563	–	–	(45,563)	(3,250)	5,012,313
EQUITY								
Equity attributable to ordinary equity holders of the Company								
Issued capital	69,085	15,920,000	124,176	–	–	(124,176)	–	69,085
Reserves	4,818,556	(10,078,642)	(78,613)	–	–	78,613	(3,250)	4,815,306
Proposed final dividend	138,170	–	–	–	–	–	–	138,170
	5,025,811	5,841,358	45,563	–	–	(45,563)	(3,250)	5,022,561
Non-controlling interests	(10,248)	–	–	–	–	–	–	(10,248)
Total equity	5,015,563	5,841,358	45,563	–	–	(45,563)	(3,250)	5,012,313

Notes:

1. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 March 2023 set out in the annual report of the Company for the year ended 31 March 2023.

2. The adjustment represented the inclusion of the assets and liabilities of the Target Company, as extracted from the audited statement of financial position of the Target Company as at 31 July 2023, as set out in Appendix II to this Circular.

   For the purpose of this Unaudited Pro Forma Financial Information, the balances stated in United States dollar (the "**US$**") are converted into Hong Kong dollars ("**HK$**") at the rate of HK$7.8 to US$1. No representation is made that United States dollar amounts have been, could have been or may be converted into Hong Kong dollars, or vice versa, at that rate.

3. On 4 August 2023, the Purchaser, being an indirectly wholly-owned subsidiary of the Company, and the Company entered into the Acquisition Agreement with the Vendor and the Vendor's Guarantor, pursuant to which the Purchaser has conditionally agreed to acquire the Sale Shares and purchase the benefit of, by way of an assignment, the Loan, and the Vendor has conditionally agreed to sell the Sale Shares and assign the Loan to the Purchaser at the Consideration of US$78,591,942 (subject to completion adjustment).

   The consideration payable by the Group for the Acquisition pursuant to the Agreement:

	HK$'000
Share consideration	98,295
Loan assignment	514,722
Total Consideration payable by the Company	613,017

4. Amount due from/to the Vendor and its associates to the Target Company will be reclassified to trade receivables and trade payables, upon the completion of Acquisition.

5. Upon completion of the Acquisition, 100% equity interest in the Target Company will be held by the Company. In the opinion of the Directors, the Acquisition is considered as a business combination and the identifiable assets and liabilities of the Target Company will be accounted for in the (note 5) consolidated financial statements of the Enlarged Group at their fair values using the acquisition method in accordance with Hong Kong Financial Reporting Standard 3 Business Combinations ("**HKFRS 3**") issued by the Hong Kong Institute of Certified Public Accountants. Goodwill is arised from the Acquisition.

	31 August 2023	**31 August 2023**	**31 August 2023**
	HK$'000	*HK$'000*	*HK$'000*
The goodwill arising from the Acquisition is calculated below:			
Total Consideration *(Note a)*			613,017

	31 August 2023 HK$'000	31 August 2023 HK$'000 Note (b)	31 August 2023 HK$'000
Property, plant and equipment	376,035	47,795	423,830
Right-of-use assets	112,049		112,049
Construction in progress	13,666		13,666
Prepayments	5,491		5,491
Inventories	15,679		15,679
Prepayments, deposits and other receivables	9,614		9,614
Due from a fellow subsidiary	37,594		37,594
Cash and cash equivalents	3,909		3,909
Trade payables	(7,312)		(7,312)
Other payables and accrued liabilities	(4,016)		(4,016)
Due to fellow subsidiaries	(6)		(6)
Due to related parties	(2,418)		(2,418)
Deferred tax liabilities	–	(4,580)	(4,580)
Fair value of the assets and liabilities of the Target Company	560,285		603,500
Goodwill			9,517

Note (a):

The total consideration payable by the Company is US$78,591,942 (HK$613,017,000), which is subject to completion adjustment.

Note (b):

For the purposes of the calculation of the goodwill arising from the Acquisition, the following bases and assumptions are adopted:

The property, plant and equipment is valued by an independent valuer at 31 August 2023. It is assumed that the fair value of the property, plant and equipment as at 31 July 2023 approximate to the valuation at 31 August 2023.

The corresponding deferred tax liabilities relating to the pro forma fair value adjustment of property, plant and equipment which is calculated at the applicable corporate income tax rate.

The fair value of the other assets and liabilities of the Target Company is estimated to be approximate to their respective carrying amounts at 31 July 2023.

All assets and liabilities of the Target Company are translated to HK$ at a rate of US$1:HK$7.8.

Upon completion of the Acquisition, the actual goodwill of the Enlarged Group, for accounting purpose, will need to be recalculated based on the final consideration amount and the fair value of the net identifiable assets and liabilities of the Target Company at the date of completion of the Acquisition. The actual financial effects may be different from the amounts presented above.

For the purpose of preparing the Unaudited Pro Forma Financial Information, the Directors have made an assessment on whether there is any impairment in respect of goodwill arising from the Acquisition with reference to IAS 36 "Impairment of Assets". The Directors have taken into consideration the recoverable amount of the Target Company and there is no impairment in the value of goodwill.

6. The adjustment represents the recognition of other acquisition costs amounting to approximately HK$3,250,000 as estimated by the Directors which mainly comprises legal and professional fees.

7. When translating the US$ into HK$, no representation is made that US$ amount have been, could have been, or could be converted into HK$ or vice versa.

8. No other adjustments have been made to reflect any trading results or other transactions of the Group subsequent to 31 March 2023.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report on the Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of this circular.

EY 安永

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The Directors
Texwinca Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Texwinca Holdings Limited (the "**Company**") and its subsidiaries (hereafter collectively referred to as the "**Group**"), and Fashion Time Viet Nam Limited (the "**Target Company**") (the Group and the Target Company are hereafter collectively referred to as the "**Enlarged Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma combined statement of assets and liabilities as at 31 March 2023, and related notes as set out in Appendix III to the circular dated 24 November 2023 (the "**Circular**") issued by the Company (the "**Unaudited Pro Forma Financial Information**") in connection with the proposed acquisition of 100% equity interest in the Target Company (the "**Acquisition**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Section A of Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Acquisition on the Group's financial position as at 31 March 2023 as if the Acquisition had taken place at 31 March 2023. As part of this process, the information about the Group's financial position as at 31 March 2023 has been extracted by the Directors from the Company's published annual report for the year ended 31 March 2023 and the information about the Target Company's financial position as at 31 July 2023 has been extracted by the Directors from the financial information of the Target Company as set out in Appendix II to the Circular.

DIRECTORS' RESPONSIBILITY FOR THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline ("**AG**") 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

OUR INDEPENDENCE AND QUALITY CONTROL

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements*, or *Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

REPORTING ACCOUNTANTS' RESPONSIBILITIES

Our responsibility is to express an opinion, as required by Rule 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with Rule 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unaudited financial information of the Group as if the transaction had taken place at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to Rule 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
24 November 2023

The following management discussion and analysis should be read in conjunction with the accountants' report of the Target Company for the period from 4 June 2020 (the date of incorporation) to 31 December 2020, the years ended 31 December 2021 and 2022 and the seven months ended 31 July 2022 and 2023 as set out in Appendix II to this circular.

BUSINESS REVIEW

The Target Company was established in Vietnam on 4 June 2020 and is principally engaged in manufacturing of knitted garment fabrics in Vietnam. The principal assets of the Target Company mainly comprise Land, Buildings, Plant and Equipment and software systems that are held by FTV (Vietnam).

Set out below is the management discussion and analysis of the Target Company for the period from 4 June 2020 (the date of incorporation) to 31 December 2020 ("**2020 Relevant Period**"), the years ended 31 December 2021 and 2022 and the seven months ended 31 July 2023 (collectively, the "**Reporting Periods**"). All references to "**FY2021**" and "**FY2022**" mean the financial years ended 31 December 2021 and 31 December 2022, respectively. All references to "**7M2022**" and "**7M2023**" mean the seven months ended 31 July 2022 and 31 July 2023, respectively. The following financial information is based on the accountants' report of the Target Company as set out in Appendix II to this circular.

FINANCIAL REVIEW

Revenue

The Target Company recorded revenue of approximately nil, nil and US$14.3 million for 2020 Relevant Period, FY2021 and FY2022 respectively. The increase in revenue was mainly due to sales of goods and the rendering of yarn dyeing services provided by the Target Company to its customers in FY2022. The revenue of the Target Company for 7M2023 amounted to US$7.9 million, representing a decrease of 12.5% as compared to that for 7M2022.

Cost of sales

The cost of sales incurred by the Target Company mainly represented purchase of materials, labour expenses and overheads during the operation process. The cost of sales of the Target Company for 2020 Relevant Period, FY2021 and FY2022 was approximately nil, nil and US$18.2 million respectively. The cost of sales increased primarily due to the commencement of the Target Company's sales of knitted fabrics in FY2022. The Target Company recorded cost of sales of approximately US$10.1 million for 7M2023, representing a slight decrease of 4.1% as compared to that for 7M2022.

Other income and gains

The other income and gains of the Target Company mainly represented interest income and foreign exchanges differences. The Target Company recorded other income and gains of approximately US$95, US$110,384, US$329,094 for 2020 Relevant Period, FY2021 and FY2022 respectively. The increase of other income and gains was mainly due to foreign exchanges gains in FY2022. The Target Company recorded other income and gains of approximately US$1,287 for 7M2023, representing a significant decrease of 99.6% as compared to that for 7M2022.

Administrative expenses

The administrative expenses of the Target Company mainly consist of staff expenses and outside service expenses. The Target Company recorded administrative expenses of approximately US$36,618, US$714,115, and US$1.7 million for 2020 Relevant Period, FY2021 and FY2022 respectively. The increase of the administrative expenses, in particular the significant increase in FY2022, of the Target Company during the Reporting Periods was primarily due to the commencement of the Target Company's sales of knitted fabrics in FY2022. The administrative expenses of the Target Company for 7M2023 was approximately US$1.5 million, representing an increase of 82.1% as compared to that for 7M2022.

Selling and distribution expenses

The selling and distribution expenses of the Target Company for 2020 Relevant Period, FY2021 and FY2022 was approximately nil, nil and US$227,915 respectively. The selling and distribution expenses increased primarily due to the commencement of the Target Company's sales of knitted fabrics in FY2022. The Target Company recorded selling and distribution expenses of approximately US$161,196 for 7M2023, representing a significant increase of 104.8% as compared to that for 7M2022.

Other operating expenses

Other operating expenses of the Target Company were approximately US$31, US$199, US$5,140 for 2020 Relevant Period, FY2021, FY2022 respectively. The Target Company recorded other operating expenses of approximately US$16,128 for 7M2023, representing a significant increase of 213.8% as compared to that for 7M2022. The increase in other operating expenses were mainly attributable to foreign exchanges loss.

Loss for the year/period

As the result of the forgoing factors, the Target Company recorded loss for the year/period of approximately US$36,554, US$603,930, US$5.6 million and US$3.9 million respectively in 2020 Relevant Period, FY2021, FY2022 and 7M2023.

Capital Structure, liquidity and financial resources

As at 31 December 2020, 2021 and 2022 and 31 July 2023, the total liabilities of the Target Company, all of which were current liabilities, amounted to approximately US$2.9 million, US$47.0 million, US$65.3 million and US$67.8 million respectively.

As at 31 December 2020, 2021 and 2022 and 31 July 2023, the net assets of the Target Company amounted to approximately US$0.8 million, US$15.0 million, US$9.7 million and US$5.8 million respectively.

As at 31 December 2020, 2021 and 2022 and 31 July 2023, the Target Company had cash and bank balances of approximately US$52,878, US$1.9 million, US$3.2 million and US$0.5 million respectively.

As at 31 December 2020, 2021, 2022 and 31 July 2023, the Target Company had net current liabilities of approximately US$2.8 million, US$37.4 million, US$56.8 million and US$59.2 million respectively.

Gearing

As at 31 December 2020, 2021 and 2022 and 31 July 2023, the gearing ratio of the Target Company were approximately 3.5, 3.0, 6.4 and 11.5 times respectively, which is trade payables, other payables, loan from the immediate holding company, due to fellow subsidiaries and related parties, less cash and bank equivalents, divided by total equity.

Employees and remuneration policy

As at 31 December 2020, 2021 and 2022 and 31 July 2023, the Target Company had 2, 521, 679 and 588 employees respectively in Vietnam. The Target Company recruited, employed, promoted and remunerated its employees based on their qualifications, experience, skills, performances and contributions. Remuneration was also determined with reference to, among others, the market trend. The Target Company had implemented various programs for staff training and development as well.

For 2020 Relevant Period, FY2021, FY2022 and 7M2023, the total staff costs including directors' remuneration of the Target Company amounted to approximately US$29,563, US$0.2 million, US$2.8 million and US$3.2 million, respectively.

Future plans for material investments or capital assets

As at 31 July 2023, the Target Company did not have any future plans for material investments or capital assets.

Significant investments held

The Target Company did not hold any investments during the Reporting Periods.

Capital commitments

The Target Company had capital commitments in respect of property, plant and equipment of approximately US$29.0 million, US$19.3 million, US$4.4 million and US$4.3 million as at 31 December 2020, 2021 and 2022 and 31 July 2023 respectively.

Charges on assets

No asset of the Target Company was charged to any parties as at 31 December 2020, 2021 and 2022 and 31 July 2023.

Contingent liabilities

At the end of the 30 September 2023, contingent liabilities not provided for in the financial statements were as follows:

	As at 30 September 2023
	HK$'000
Bank guarantees given in lieu of property rental deposits	7,987

Save as aforesaid, and apart from the interest-bearing bank borrowings and lease liabilities, the Enlarged Group did not have any outstanding debt securities issued and outstanding, and authorised or otherwise created but unissued, term loans, bank overdrafts and loans, other loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantee or other material contingent liabilities, at the close of business on 30 September 2023.

The Board has confirmed that, save as disclosed above, there has not been any material change in the indebtedness or contingent liabilities of the Enlarged Group since 30 September 2023.

Foreign exchange exposure

The Target Company principally conducts business operation in Vietnam which exposes the Target Company to foreign exchange risk, primarily with respect to VND and US$ denominated transactions. During the Reporting Periods, the Target Company had transactional currency exposures, which arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Target Company currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Target Company will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

JLL
仲量聯行

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tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

24 November 2023

The Board of Directors
Texwinca Holdings Limited
16/F Metroplaza Tower II
223 Hing Fong Road
Kwai Chung
New Territories Hong Kong

Dear Sirs,

In accordance with the instructions from Texwinca Holdings Limited (the "**Company**", together with its subsidiaries, the "**Group**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited has undertaken a valuation exercise which requires us to express an independent opinion of the market value of 100% equity interest in Fashion Time Viet Nam Limited (the "**FTVN**" or "**Target Company**") as at 31 August 2023 (the "**Valuation Date**").

The purpose of this valuation is for internal reference by the Company and inclusion in its public disclosure.

Our valuation was carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

BACKGROUND OF THE TARGET COMPANY

Fashion Time Viet Nam Limited, a limited liability company established in Vietnam in 2020, is principally engaged in the manufacturing of knitted, crocheted and non-woven fabrics. On 4 August 2023, Fashion Time Vietnam Holdings Limited (the "**Vendor**") and the Nice View Dyeing & Bleaching Limited (the "**Purchaser**"), a wholly-owned subsidiary of the Company, entered into an agreement pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, 100% equity interest of the Target Company and purchase the benefit of, by way of an assignment, the aggregate amount outstanding and owing by the Target Company to the Vendor.

The ultimate parent company of the Target Company is Texhong International Group Limited (formerly known as Texhong Textile Group Limited), a Hong Kong listed company. According to the information available to us, below are the key financials of the Target Company:

	Year ended 31 December (audited)		8 months ended 31 August (unaudited)
	2021	**2022**	**2023**
	USD	*USD*	*USD*
Revenue	–	14,276,951	8,903,058
Gross profit (loss)	–	(3,911,123)	(2,471,945)
Net profit (loss)	(603,930)	(5,557,064)	(4,524,115)
Assets	61,977,068	75,027,464	73,731,041
Liabilities	(46,955,279)	(65,305,012)	(68,532,704)
Net assets	15,021,789	9,722,452	5,198,337

We are given to understand that the Target Company has generated nil revenue during the year ended December 2021 because the Target Company was in the progress of constructing the manufacturing facilities. We are further given to understand that the Target Company started operation in April 2022 and, up to the Valuation Date, has not yet reached its full capacity and as such the Target Company has been loss making since starting its operation. According to the information available to us, over 99% of the sales, both for the period ended 31 December 2022 and 31 August 2023 were contributed from Galaxy Technology Company Limited ("**GTC**"), a wholly-owned subsidiary of Texhong Textile Group Limited.

SOURCES OF INFORMATION

In conducting our valuation of the 100% equity interest in the Target Company, we have reviewed information from several sources, including, but not limited to:

- Background of the Target Company and relevant corporate information;
- Financial information of the Target Company for the twelve months ended 31 December 2021, 2022 and 8 months ended 31 August 2023;
- Proposed terms of this transaction; and
- Other operation and market information in relation to the Target Company's business.

We have held discussions with management of the Company, and conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information reliable and legitimate; and we have relied to a considerable extent on the information provided by the Company in arriving at our opinion of value.

BASIS OF OPINION

We have conducted our valuation referred to the International Valuation Standards issued by International Valuation Standards Council. The valuation procedures employed include a review of legal status and economic condition of the Target Company and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the Target Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition of the Target Company;
- Market-driven investment returns of companies engaged in similar lines of business;
- Financial and business risk of the business including continuity of income;
- Consideration and analysis on the micro and macro economy affecting the subject business; and
- Assessment of the liquidity of the subject business.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Target Company.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same or a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the unique characteristics of the asset, there are substantial limitations to using both the income approach and the market approach for valuing the Target Company. Firstly, the income approach requires subjective assumptions, to which the valuation is highly sensitive. Detailed operational information and long-term financial projections are also needed to arrive at an indication of value, but such information is highly uncertain as of the Valuation Date. This is because the performance of the Target Company has largely depended on its ultimate parent company, with over 99% of historical sales generated from a single customer, GTC, which is also a wholly-owned subsidiary of the parent company of the Vendor. Furthermore, based on our discussions with the Company, it is planned that the Target Company will switch to producing fabric solely for the Company after the acquisition. As the derived value based on the income approach is highly dependent on the reliability of the financial projections, given the uncertain short-term and long-term development of the Target Company, the financial projections may not be reliable. Therefore, the income approach is not adopted in the valuation.

Secondly, the market approach generally relies on deriving value through a measure of the values of market comparables or transactions. However, given the unique characteristics of the Target Company, which has a financial performance that is highly dependent on its ultimate parent company, there are a number of related party transactions involved, such as sales and borrowings from related parties. As of the Valuation Date, there was a lack of market comparables or transactions available to derive an indicative value with a sufficient level of accuracy.

In view of the above, we have adopted the cost approach for the valuation. Under the cost approach, the summation method is typically adopted for a valuation subject when its value is primarily a factor of the value of the valuation subject's holding assets and liabilities. As mentioned, as (1) the sales of the Target Company were generated by a single customer GTC which is controlled by the ultimate parent of the Vendor; and (2) it is expected that, after the acquisition, there would be no sales generated from GTC and instead will produce fabric solely for the Company; the value of the Target Company's holding assets and liabilities would be the primary factor deciding the value of the Target Company. Under the summation method, each identifiable asset and liability of the Target Company is being valued using the appropriate valuation approaches, and our opinion of value is derived by adding component assets and deducting component liabilities.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value. The following assumptions in determining the market value of the equity interest have been made:

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Company;

- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements entered into between the Target Company and any other parties, including but not limited to loan contracts, business contracts and other contracts that will affect the business of the Target Company, will be honored;

- We have assumed that the facilities and systems in place or proposed (if any) are sufficient for future operations in order to realize the growth potential of the business and maintain a competitive edge;

- We have assumed the accuracy of the information of the Target Company (including but not limited to financial and operational information) as well as the representation provided to us by the Company and relied to a considerable extent on such information in arriving at our opinion of value;

- We have assumed that there are no hidden or unexpected conditions (such as natural disaster, war, government intervention, major change in management, etc.) associated with the asset valued that might adversely affect the reported value. Further, we are not aware of any material changes to the Target Company between the Valuation Date and the date of this report.

For the assumptions regarding the valuation of the property (land and building) held by the Target Company, please refer to the separate report prepared by us.

SUMMARY OF THE SUMMATION METHOD

Based on the nature and financial positions of the Target Company, we had considered the type of assets and liabilities and their conditions when arriving at the values of the subject items. We adopted appropriate valuation methodology for each different class of assets and liabilities.

Assets	Valuation Approach & Methodology
Cash on hand and in bank	Book values were adopted.
Accounts receivable	We understand that the account receivables are due from GTC, a related party of the Vendor. We are further given to understand that under the proposed terms, the Vendor and the Vendor's Guarantor would responsible for this if such accounts receivable are not collectible within 180 days after the completion of this transaction. Thus, in determining the recoverability of this accounts receivable, we have considered the credit risk facing the Vendor's Guarantor, being the ultimate owner of the Vendor. Specifically, the expected recoverable amount of the accounts receivable is calculated as the nominal amount of the accounts receivable less the expected credit loss and the expected credit loss rate is calculated as default probability x (1 – recovery rate). With reference to Bloomberg, the 1-year default probability of the Vendor's Guarantor as of the Valuation Date is 1.6%. With the recovery rate 40.90% as sourced from Annual Default Study 2023 published by Moody's, the expected credit loss is calculated as 0.95%, or USD43,809.
Inventories	We are given to understand that the inventories were purchased recently within 12 months from the Valuation Date. Book values were adopted as a proxy of the market value.
Prepayment and other receivables	The prepayment represents the prepaid expenses for services or tools while other receivables represent the amount due from Vietnam governmental body. Book values were adopted.
Intangible assets and buildings	These represent the parcel of land located in Vietnam together with buildings and structures erected thereabove. Please refer to the separate report prepared by us in the Appendix IV of this circular for details.

Plant & machinery	The cost approach is adopted in the valuation, which considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets ("**Replacement Cost New**"), with allowance for accrued depreciation arising from condition, utility, age, wear and tear, or obsolescence present (physical, functional or economical), taking into consideration past and present maintenance policy and rebuilding history. We have estimated the Replacement Cost New of the assets by applying appropriate equipment cost trend multipliers in the range of -1 to 2% to the original costs. These multipliers are based on statistical information from government of the country of origin and private industry. Normal useful life ranges from 5 to 15 years are adopted from expected life tables developed by American Society of Appraiser. Chronological ages of the machinery range from 1 to 6 years old, therefore we have not applied any functional or economic obsolescence.
Construction in progress ("**CIP**")	Book values were adopted given these were recently incurred.
Liabilities	**Valuation Approach & Methodology**
Borrowings	This represents the amount due to Fashion Time Vietnam Holdings Limited, an immediate holding company of the Target Company. These amounts are unsecured, interest-free and maturing between September 2023 and July 2024. Book values were adopted.
Payables including accounts payable, employees payables and tax payables	Book values were adopted.
Accruals	Book values were adopted.

BOOK VALUES OF ASSETS AND LIABILITIES

The table below summarizes the book values of the assets and liabilities of the Target Company provided by the Target Company at of 31 August 2023. This is adopted as the basis of the valuation.

	Book Values
	(USD)
Current Assets	**8,840,488**
Cash on hand and in bank	831,661
Accounts receivable	4,632,896
Prepayment	115,756
Other receivables	1,102,607
Inventories	2,157,568
Non-current Assets	**64,890,554**
Intangible assets and buildings (including CIP)	39,172,373
Plant & machinery (including CIP)	25,023,905
Prepayment	694,276
Current Liabilities	**(68,532,704)**
Borrowings	(65,990,000)
Accounts payable	(2,004,946)
Payables to employees	(311,891)
Tax payable	(12,610)
Accruals	(213,258)
Net Assets	**5,198,337**

CALCULATION OF VALUATION RESULT

The calculation of the market values of the Target Company as at the Valuation Date under the summation method is as follow:

	Market Values *(USD)*
Current Assets	**8,796,679**
Cash on hand and in bank	831,661
Accounts receivable	4,589,087
Prepayment	115,756
Other receivables	1,102,607
Inventories	2,157,568
Non-current Assets	**71,175,890**
Intangible assets and buildings (including CIP)	45,300,000
Plant & machinery (including CIP)	25,181,164
Prepayment	694,276
Current Liabilities	**(68,532,704)**
Borrowings	(65,990,000)
Accounts payable	(2,004,946)
Payables to employees	(311,891)
Tax payable	(12,610)
Accruals	(213,258)
Net Assets	**11,439,865**

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions which have been set out in this report above and the consideration of many uncertainties including natural disaster, war, government intervention, major change in management, etc., not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

We confirm that we have sufficient current local and international (as appropriate) knowledge of the market which the Target Company are engaged in and the skills and understanding necessary to undertake the valuation of the Target Company competently. We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers.

Our conclusions assume continuous prudent management of the Target Company that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

CONCLUSION OF VALUE

Based on the results of our investigations and analysis, we are of the opinion that the market value of the 100% equity interest of the Target Company as at the Valuation Date is reasonably stated at the amount of USD11.440 million.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS), an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of this Report, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Client/Target Company and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our Report was used as part of the analysis of the Client/Target Company in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the Subject rests solely with the Client.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however, we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The board of directors and the management of Client/Target Company have reviewed this Report and agreed and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the Report is subject to the terms of the Agreement and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the Subject.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation Date. We cannot provide assurance on the achievability of the results forecasted by the Client/Target Company because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This Report has been prepared solely for internal use purpose. The Report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any third party without our prior written consent. Even with our prior written consent for such, we are not liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This Report is confidential to the Client and the calculation of values expressed herein is valid only for the purpose stated in the Agreement as at the Valuation Date. In accordance with our standard practice, we must state that this Report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by parties interested in the Subject, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. The Client/Target Company agrees to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Client/Target Company and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This Report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the Report and conclusion of values are not intended by the author, and should not be construed by any reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Client/Target Company and other sources. Actual transactions involving the Subject might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the knowledge and motivation of the buyers and sellers at that time. The transaction amount does not need to be close to the result as estimated in this report.

17. The board of directors, management, staff, and representatives of the Client/Target Company have confirmed to us that they are independent to JLL in this Valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independence in our work, the Client/Target Company and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 31 August 2023 of the property interests held by the Group.

JLL 仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Company Licence No.: C-030171

24 November 2023

The Board of Directors
Texwinca Holdings Limited
16th Floor, Metroplaza Tower II,
223 Hing Fong Road,
Kwai Chung,
New Territories,
Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests to be acquired by Texwinca Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 31 August 2023 (the "**valuation date**").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Due to the nature of the buildings that are purpose-built for the specific production need and the particular location in which they are situated, there are unlikely to be relevant market comparables readily available, the property interest has been therefore valued by the cost approach with reference to their depreciated replacement cost.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization". It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, no piecemeal transaction of the complex or development is assumed.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

We have been shown copies of various title documents including land lease documents, land use right certificate, relevant plans and area schedule relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the countries and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice dated 23 October 2023 given by the Company's legal adviser, "KPMG Law Limited", concerning the validity of the property interests in Vietnam.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 27 April 2023 by Mr. Phuoc Vo. Mr. Phuoc is a RICS registered valuer with over 15 years of real estate valuation experience in Vietnam, Cambodia and Myanmar.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in United States Dollar (USD). The exchange rate adopted in our valuation is approximately USD1=VND24,100 which was approximately the prevailing exchange rate as at the valuation date.

Our valuation is summarized below and the valuation certificate is attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Gilbert C. H. Chan
MRICS MHKIS RPS (GP)
Senior Director

Note: Gilbert C.H. Chan is a Chartered Surveyor who has 29 years' experience in the valuation of properties in Hong Kong and 27 years of property valuation experience in the Asia-Pacific region.

SUMMARY OF VALUE

Property interest to be acquired by the Group in Vietnam

Property	**Market value in existing state as at 31 August 2023** *USD*
One parcel of land with site area of approximately 249,904.4 square meters together with buildings and structures erected thereabove located at Texhong – Hai Ha Industrial Park, Quang Dien Town, Hai Ha District, Quang Ninh Province, Vietnam.	45,300,000

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2023 *USD*
One parcel of land with site area of approximately 249,904.4 square meters together with buildings and structures erected thereabove located at Texhong – Hai Ha Industrial Park, Quang Dien Town, Hai Ha District, Quang Ninh Province, Vietnam.	The property comprises one parcel of land known as Lot CN40, Texhong – Hai Ha Industrial Park, Quang Yen Town, Hai Ha District, Quang Ninh Province, Vietnam with site area of approximately 249,904.4 square meters together with buildings, structures and related facilities erected thereabove of the subject site. The buildings, structures and related facilities were completed in about 2022. The floor area of buildings on the site, as shown on Certificate of Land Use Rights, Ownership of Houses and Other Properties Associated, is approximately 95,153.7 sq.m. in total (please refer to note 1 for details). The subject site is of general level in regular shaped land within on Texhong – Hai Ha Industrial Park and is approximately 38km from Mong Cai City and 65km from Van Don International Airport. The surrounding developments comprise of existing factories, warehouses, local low-rise residential dwellings and vacant sites zoned for industrial purpose. The property is held under leasehold interest for a term expiring on 25 April 2064 for industrial land use purpose.	At the time of our inspection, the property was occupied as Fashion Time Viet Nam Factory for textile production purpose.	45,300,000

Notes:

1. According to the provided information of a copy of Certificate of Land Use Rights, Ownership of Houses and Other Properties Associated No. CT2641 of 26 October 2021 and updated on 22 June 2023 and 13 October 2023 as issued by the Department of Natural Resource and Environment of Quang Ninh Province in Vietnam ("**LURC**"), the certification of ownership of assets attached to the subject site are as below:

No.	**Buildings**	**Floor Area** *(sq.m.)*
1	Textile dyeing workshop 1	69,088.0
2	Warehouse 1	5,000.0
3	Factory ammoniac 1	4,752.0
4	Control room	225.0
5	Pump house	225.0
6	Wastewater treatment	1,655.5
7	Chemical warehouse	1,944.0
8	Substations transform	264.0
9	Parking	4,400.0
10	Office and Canteen	7,255.2
11	Trash house	345.0
	Total:	**95,153.7**

2. According to copy of LURC, the salient points of land details are summarized below:-

- *The land user and house owner: Fashion Time Viet Nam Limited ("**Target Company**")*
- *Location: Quang Dien Town, Hai Ha District, Quang Ninh Province, Vietnam.*
- *Total land area: 249,904.4 sqm.*
- *Land use purpose: Industrial land.*
- *Land use form: Leasehold land with annual land rental payment.*
- *Land tenure: Expiring on 24 April 2064.*

3. According to a translated version of the Land Lease Contract No.10-2019/BDS - HDT dated 01 December 2020 signed between Texhong Industrial Park Viet Nam Limited (currently known as "Haiha Industrial Park Vietnam Limited") (the "**Lessor**") and *TexHong Det Kim Vietnam* (the "**Lessee**"), the salient points of land lease contract are summarized as below:

- *Land lease area: 249,904.4 sqm.*
- *Land location: Lot CN40, Hai Ha Port Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam.*
- *Land tenure: Expiring on 24 April 2064.*
- *Unit price of land and infrastructure for Land tenure: VND1,397,400 per sqm*
- *Price of land and infrastructure for Land tenure: VND349,216,408,560 (exclusive of VAT)*

Remarks:

(i) As advised by the Group, the payment of VND349,216,408,560 has been fully settled.

(ii) As advised by the Group and according to LURC, the company name of TexHong Det Kim Vietnam has been renamed as Fashion Time Viet Nam Limited.

4. We have been provided with a legal opinion from the Company's legal adviser in Vietnam of 23 October 2023 regarding the property interests held by the Target Company, which contains, inter alia, the following:

Regarding the Land

a) The Target Company has the legal title, free from encumbrance, over the land located at Plot 19.01, 19.02, 19.03, 19.04, LotCN40, Hai Ha Industrial Zone, Quang Ha Town, Hai Ha District, Quang Ninh Province, Vietnam with the total area of 249,904.4 square metres and lease term up to 25 April 2064 (the "**Land**"), as evidenced by LURC.

b) The Target Company has fully paid the land rental to Haiha Industrial Park Vietnam Limited pursuant to the Land Lease Contract No. 10-2019/BD-HDNT dated 1 December 2020.

Regarding the Buildings

c) As evidenced by the updated LURC issued on 13 October 2023, following the application dossier No. 000135.TS.119, the Target Company has the legal title, free from encumbrance, over the Buildings as listed in below table:

Details of the Buildings on the Land as recorded in the LURC

No.	Construction works	Floor area (sq.m.)
1.	Textile dyeing workshop 1 (CN-01.1)	69,088
2.	Warehouse 1 (CN-02.1)	5,000
3.	Ammoniac treatment factory 1 (CN-03.1)	4,752
4.	Control room (CN-04.1)	225
5.	Pumping room (CN-04.1)	225
6.	Substation transformer (CN-05.1)	264
7.	Wastewater treatment centre (CN-06.1)	1,655.5
8.	Chemical warehouse (CN-08.1)	1,944
9.	Office and canteen (DV-01.1)	7,255.2
10.	Parking area for motorbike, fire truck (DV-07.1)	4,400
11.	Warehouse for solid, hazardous waste (DV-07.1)	345

Property rights

d) The Target Company has the rights, to the fullest extent possible under Vietnamese laws, to occupy, transfer, mortgage, lease and/or sub-lease the subject Land and Buildings.

5. For valuation of land portion, market information has been obtained from various sources including contact with real estate agents, research from various advertising media together with in-house JLL database. However, sales information is very limited and not transparency in an opaque market like Vietnam. Due to the lack of relevant site transactions available in the market, we have identified and analyzed various asking price of relevant vacant sites in the market as comparables for the subject site.

The selection criteria of comparables includes i) location and accessibility (comparable sites should be located in Texhong – Hai Ha Industrial Park or Deep C Quang Ninh II Industrial Park with similar locality of the subject site and enjoying similar transport network facilities of the subject site), ii) land use (industrial use which is the same usage of the subject site), iii) tenure (with the same/similar tenure of the subject site, i.e. the tenure up to or very close to the year of 2064), iv) size (site area of comparables should not be less than 100,000 sq.m. and not exceeding 300,000 sq.m.), v) time (the ask price in market as at valuation date), vi) vacant site (the asking price of comparable sites should be vacant sites in nature in reflecting the analyzed unit rates are on vacant land area basis).

List of comparable sites

	The Subject Property	Comparable 1	Comparable 2	Comparable 3	Comparable 4
Name of Industrial Park	Texhong – Hai Ha IP	Texhong – Hai Ha IP	Texhong – Hai Ha IP	Texhong – Hai Ha IP	Deep C Quang Ninh II IP
Address	Quang Dien Commune, Hai Ha District	Quang Dien Commune, Hai Ha District	Quang Phong Commune, Hai Ha District	Quang Phong Commune, Hai Ha District	Lien Vi Commune, Quang Yen Town
Land area (sq.m.)	249,904	262,500	277,800	283,200	124,100
Land use purpose	Industrial land	Industrial land	Industrial land	Industrial land	Industrial land
Current status	Assume vacant site	Vacant site	Vacant site	Vacant site	Vacant site
Current accessibility	Via Internal Street to the southwest is about 30m wide and Internal Street to the northeast which is about 40m wide	Via Internal Street to the southwest is about 30m wide	Via Internal Street to the northeast which is about 20m wide	Via Internal Street to the northeast which is about 20m wide	Via Internal Street to the southeast which is about 20m wide
Land tenure	Up to 2064	Up to 2064	Up to 2064	Up to 2064	Up to 2066
Asking Price (USD/sq.m. of site area)	–	90	93	93	105

The unit rate of these comparable ranges about USD90 per sq.m. to USD105 per sq.m. on site area basis. Appropriate adjustments and analysis are considered to the differences in location and accessibility, time, asking price nature, land area, shape/frontage of the site and other characters between the comparable sites and the subject site to arrive unit rate of USD85 per sq.m. on site area basis.

6. According to the information provided by the Group, the buildings of the subject site have been completed in about 2022 and registered in LURC on 13 October 2023. Since the fire prevention facilities of the subject buildings is based on the local operational requirements when the Target Company operate its business after building completion in about 2022. It would need additional time for the Target Company to build up fire prevention facilities after completion of buildings. As at the date of valuation report, the fire prevention facilities is being checked by local authority and the Target Company expects to obtain the relevant acceptance certification about fire prevention facilities by November 2023.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares of the Company ("**Shares**"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them was taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 of the Listing Rules, were as follows:

Long Positions in Shares

Name of Directors	Capacity	*Notes*	Number of Shares held	Approximate percentage of the issued share capital of the Company *(Note 2)*
Mr. Poon Bun Chak	Founder of a family trust	*1*	698,830,104	50.58%
Mr. Ting Kit Chung	Beneficial owner		6,100,000	0.44%

Notes:

1. Mr. Poon Bun Chak is a founder of a family trust and is deemed to be interested in 698,830,104 Shares held under the family trust. For details, please refer to the "Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares" below.

2. The issued share capital of the Company was 1,381,696,104 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests and/or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they had taken or were deemed to have taken under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

(b) Substantial Shareholders' and other persons' interests and short positions in Shares and underlying Shares

As at the Latest Practicable Date, according to the register of interests in Shares and short positions of the Company required to be kept under section 336 of the SFO, the following persons or corporations (other than the Directors or chief executive of the Company) had interests or short positions in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long positions in Shares

Name	**Capacity**	*Notes*	**Number of Shares held**	**Approximate percentage of the issued share capital of the Company** *(Note 3)*
UBS Trustees (B.V.I.) Limited	Trustee	*1*	698,830,104 (L)	50.58%
Poon's Holdings Limited	Through controlled corporation	*1*	698,830,104 (L)	50.58%
Farrow Star Limited	Directly owned	*1*	698,830,104 (L)	50.58%
Pandanus Associates Inc.	Through controlled corporations	2	138,224,000 (L)	10.00%
Pandanus Partners L.P.	Through controlled corporations	2	138,224,000 (L)	10.00%
FIL Limited	Through controlled corporations	2	138,224,000 (L)	10.00%

Name	Capacity	*Notes*	Number of Shares held	Approximate percentage of the issued share capital of the Company *(Note 3)*
Brown Brothers Harriman & Co.	Approved lending agent		84,469,283 (L) 84,469,283 (P)	6.11% 6.11%
Fidelity Funds	Beneficial owner		83,640,000 (L)	6.05%

L – Long position
P – Lending pool

Notes:

1. UBS Trustees (B.V.I.) Limited, as a trustee of a family trust founded by Mr. Poon Bun Chak, holds the entire issued share capital of Poon's Holdings Limited through its nominee, UBS Nominees Limited. Poon's Holdings Limited holds the entire issued share capital of Farrow Star Limited. Farrow Star Limited in turn holds 698,830,104 Shares. Therefore, each of Mr. Poon Bun Chak, UBS Trustees (B.V.I.) Limited, Poon's Holdings Limited and Farrow Star Limited is deemed to be interested in 698,830,104 Shares held by Farrow Star Limited.

2. Pandanus Associates Inc. has the entire control of Pandanus Partners L.P. which in turn owns 38.71% in FIL Limited. FIL Limited is deemed to be interested in 138,224,000 Shares through a series of subsidiaries. Therefore, each of Pandanus Associates Inc., Pandanus Partners L.P. and FIL Limited is deemed to be interested in 138,224,000 Shares.

3. The issued share capital of the Company was 1,381,696,104 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, the Company had not been notified of any other persons (other than Directors and chief executive of the Company) or corporation who had interests or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

3. INTERESTS IN ASSETS, CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 March 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

Except for the continuing connected transactions as disclosed in the announcements of the Company dated 26 January 2022 and 28 January 2022, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. SERVICE CONTRACTS

The service contracts entered into between the Company and each of the executive Directors may be terminated by either party by giving not less than three months' written notice or compensation in lieu.

As at the Latest Practicable Date, save as disclosed above, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not determinable by such member of the Group within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors or his/her respective close associates had any interests in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Group within two years immediately preceding the issue of this circular, and which are or may be material:

(a) the Acquisition Agreement; and

(b) the Escrow Agreement.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in financial or trading position of the Group since 31 March 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

8. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

9. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given their opinion and advice for inclusion in this circular:

Name	Qualifications
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Independent professional valuer
Ernst & Young	Certified public accountants, Hong Kong

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report and the reference to its name in the form and context in which they appear.

As at the Latest Practicable Date, none of the above experts was interested beneficially or otherwise in any shares or securities in any member of the Group nor did any of the above experts have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group or have any interest, either direct or indirect, in any assets which have been, since 31 March 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired, disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

(a) The secretary of the Company is Mr. Chan Chi Hon. He is the Group's Financial Controller and is a fellow member of the Hong Kong Institute of Certified Public Accountants and a certified practising accountant of the CPA Australia.

(b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The principal place of business of the Company is 16th Floor, Metroplaza Tower II, 223 Hing Fong Road, Kwai Chung, New Territories, Hong Kong.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Tengis Limited situated at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be also displayed on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.texwinca.com/), for 14 days from the date of this circular:

(a) the memorandum of association and bye-laws of the Company;

(b) the published annual reports of the Company for each of the three financial years ended 31 March 2021, 31 March 2022 and 31 March 2023;

(c) the accountants' report of the Target Company, the text of which is set out in Appendix II of this circular;

(d) the report on the Unaudited Pro Forma Financial Information of the Enlarged Group, the text of which is set out in Appendix III of this circular;

(e) the valuation report of the Target Company issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix V of this circular;

(f) the property valuation report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the text of which is set out in Appendix VI of this circular;

(g) the written consents referred to in the section headed "Experts' Qualifications and Consents" in this appendix;

(h) the material contracts referred to in the section headed "Material contracts" in this appendix; and

(i) this circular.