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KAM HING INTERNATIONAL HOLDINGS LIMITED
錦興國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 02307)

MAJOR TRANSACTION
PROPOSED ACQUISITION OF A VIETNAM COMPANY

Capitalised terms used on this cover shall have the same meanings as those defined in this circular, unless the context requires otherwise. A letter from the Board is set out on pages 5 to 12 of this circular.

The Company has obtained written Shareholders' approval for the S&P Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules from a closely allied group of Shareholders together holding more than 50% of the voting rights at a general meeting to approve the S&P Agreement and the transactions contemplated thereunder. Accordingly, no Shareholders' meeting will be held to approve the S&P Agreement and the transactions contemplated thereunder pursuant to Rule 14.44 of the Listing Rules. This circular is being despatched to the Shareholders for information only.

26 May 2025

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DEFINITIONS

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

“Acquisition”	the acquisition of the Sale Shares and the settlement of the Debts pursuant to the terms and conditions of the S&P Agreement
“Acquisition Announcements”	the announcements of the Company dated 27 January 2025, 20 February 2025, 27 February 2025 and 30 April 2025 in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (excluding Saturdays, Sundays and public holidays in Vietnam, Singapore or Hong Kong) on which banks in Vietnam, Singapore or Hong Kong are generally open for business
“Closely Allied Group”	together, (i) Mr. Tai Chin Chun, the chairman of the Board and an executive Director who directly holds 3,000,000 Shares, and his associates namely Exceed Standard Limited (a corporation controlled by Mr. Tai Chin Chun) which directly holds 332,600,000 Shares, and Ms. Cheung So Wan (spouse of Mr. Tai Chin Chun) who directly holds 1,000,000 Shares; and (ii) Mr. Tai Chin Wen, an executive Director and the chief executive officer of the Company who directly holds 2,000,000 Shares, and his associates namely Power Strategy Limited (a corporation controlled by Mr. Tai Chin Wen) which directly holds 96,000,000 Shares, and Ms. Wong Siu Yuk (spouse of Mr. Tai Chin Wen) who directly holds 1,000,000 Shares, and they in aggregate hold 435,600,000 Shares, representing approximately 50.07% of the total number of issued Shares as at the Latest Practicable Date
“Company”	Kam Hing International Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the main board of the Stock Exchange (stock code: 02307)
“Completion”	completion of the Acquisition
“Conditions”	the conditions precedent to Completion under the S&P Agreement, as set out in the paragraph headed “The S&P Agreement – Conditions” in the letter from the board in this circular
“connected person(s)”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Consideration”	the total consideration for the sale and purchase of the Sale Shares and the settlement of the Debt pursuant to the S&P Agreement
“Debts”	the debts owed by the Target Company to the Vendors and related parties settled pursuant to the terms and conditions of the S&P Agreement
“Director(s)”	director(s) of the Company
“Enlarged Group”	the Group as enlarged by the Acquisition immediately after the Completion, including, among others, the Target Company
“ERC”	the enterprise registration certificate issued by the relevant governmental authority in Vietnam
“Escrow Account”	the escrow account opened, maintained and operated in accordance with the Escrow Agreement
“Escrow Agreement”	the escrow agreement entered into among the Purchaser, the Vendors and the escrow agent for the purpose of holding the fourth installment of the Consideration payable by the Purchaser to the Vendors under the S&P Agreement
“Group”	the Company and its subsidiaries (excluding the Target Company)
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) (if applicable) who, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (within the meaning of the Listing Rules)
“IRC”	the investment registration certificate issued by the relevant governmental authority in Vietnam
“Latest Practicable Date”	20 May 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“Long Stop Date”	the 120th day from (i) the date of the S&P Agreement; (ii) the date of the Escrow Agreement; and (iii) the submission date of the application for the first amended ERC recording, among others, the Purchaser as the sole owner of the Target Company (or such later date as extended by any delay attributable to the Purchaser)
“MOU”	the memorandum of understanding dated 27 December 2024 and entered into among the Vendors, the Purchaser and the Target Company, details of which are set out in the announcement of the Company dated 27 December 2024
“Purchaser”	Kam Fung (Hong Kong) Garment Company Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“S&P Agreement”	the conditional agreement dated 27 January 2025 (as amended and supplemented by the Supplemental Agreement) and entered into among the Vendors, the Purchaser and the Target Company in relation to the Acquisition
“Sale Shares”	all the issued and fully paid-up shares of the Target Company
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental Agreement”	the amendment agreement dated 27 February 2025 and entered into among the Vendors, the Purchaser and the Target Company to vary certain terms and conditions of the S&P Agreement
“Target Company”	Korea Textile & Dyeing Support Services Joint Stock Company, a joint stock company duly established and operating in accordance with the laws of Vietnam and owned as to approximately 19.02% by Vendor A, approximately 11.42% by Vendor B, approximately 52.14% by Vendor C and approximately 17.42% by Vendor D prior to Completion
“Vendor A”	Ms. Phan Le Diem Trang, being one of the Vendors and an Independent Third Party
“Vendor B”	Mr. Namkung Chul Woong, being one of the Vendors and an Independent Third Party

DEFINITIONS

“Vendor C”	Gloucester Co., Ltd., a company incorporated in Samoa, being one of the Vendors and an Independent Third Party
“Vendor D”	Yee Chain International Co., Ltd., a company incorporated in Taiwan, China, being one of the Vendors and an Independent Third Party
“Vendors”	collectively, Vendor A, Vendor B, Vendor C and Vendor D
“the United States”	the United States of America
“Vietnam”	the Socialist Republic of Vietnam
“sq.m.”	square metre
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“US\$”	the United States dollar, the lawful currency of the United States
“VND”	Vietnamese dong, the lawful currency of Vietnam
“%”	per cent

The English translation of Chinese and Vietnamese name(s) marked with “” in this circular, where indicated, is included for identification purpose only, and should not be regarded as the official English translation of such Chinese and Vietnamese name(s).*

In this circular, for illustration purposes only and unless otherwise stated, all amounts denominated in VND have been translated into US\$ using the exchange rate of VND25,000: US\$1, and all amounts denominated in US\$ have been translated into HK\$ using the exchange rate of US\$1.00: HK\$7.80. Such translations shall not be construed as a representation that any amount in VND can be or could have been converted into US\$, or US\$ can be or could have been converted into HK\$ at the above rate or at all.

LETTER FROM THE BOARD



KAM HING INTERNATIONAL HOLDINGS LIMITED

錦興國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 02307)

Executive Directors:

Mr. Tai Chin Chun

Mr. Tai Chin Wen

Ms. Cheung So Wan

Ms. Wong Siu Yuk

Non-executive Director:

Mr. Lei Heong Man

Independent non-executive Directors:

Mr. Ho Gilbert Chi Hang

Mr. Wu Tak Lung

Mr. Ting Kay Loong

Registered Office:

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

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business in Hong Kong:*

23A, TML Tower

No. 3 Hoi Shing Road

Tsuen Wan

New Territories

Hong Kong

26 May 2025

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION PROPOSED ACQUISITION OF A VIETNAM COMPANY

INTRODUCTION

References are made to the Acquisition Announcements.

The purpose of this circular is to provide the Shareholders with, among other things, further details of the Acquisition and other information as required under the Listing Rules.

LETTER FROM THE BOARD

THE ACQUISITION

On 27 January 2025 (after trading hours), the Purchaser (an indirect wholly-owned subsidiary of the Company), the Vendors and the Target Company entered into the S&P Agreement, pursuant to which: (i) the Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares (representing all the issued and fully paid-up shares of the Target Company), at the cash consideration of US\$4,347,894 (equivalent to approximately HK\$33,913,000); and (ii) the Purchaser has agreed to settle the Debts in the amount of US\$6,407,597 (equivalent to approximately HK\$49,979,000). On 27 February 2025 (after trading hours), the Purchaser, the Vendors and the Target Company further entered into the Supplemental Agreement to vary the payment terms.

THE S&P AGREEMENT

The principal terms of the S&P Agreement are summarised as follows:

- Date** : 27 January 2025 (as amended and supplemented on 27 February 2025)
- Parties** : (i) Ms. Phan Le Diem Trang as Vendor A;
- (ii) Mr. Namkung Chul Woong as Vendor B;
- (iii) Gloucester Co., Ltd. as Vendor C;
- (iv) Yee Chain International Co., Ltd. as Vendor D;
- (v) Kam Fung (Hong Kong) Garment Company Limited (an indirect wholly-owned subsidiary of the Company) as the Purchaser; and
- (vi) the Target Company.

Subject matter

- (1) The Vendors have conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, the Sale Shares from the Vendors, subject to the terms and conditions of the S&P Agreement, in proportion to their shareholding as follows:
- (i) approximately 19.02% of the Sale Shares from Vendor A;
- (ii) approximately 11.42% of the Sale Shares from Vendor B;
- (iii) approximately 52.14% of the Sale Shares from Vendor C; and
- (iv) approximately 17.42% of the Sale Shares from Vendor D.
- (2) The Purchaser shall settle the Debts in the amount of US\$6,407,597, subject to the terms and conditions of the S&P Agreement and the Escrow Agreement.

LETTER FROM THE BOARD

Consideration

The Consideration for the Acquisition comprises: (i) US\$4,347,894 (equivalent to approximately HK\$33,913,000) as the purchase price of the Sale Shares; and (ii) US\$6,407,597 (equivalent to approximately HK\$49,979,000) as the settlement amount of the Debts.

The Purchaser has paid the Consideration to the Vendors in cash in the following manner:

- (i) First installment: US\$500,000 (equivalent to approximately HK\$3,900,000), being the deposit under the MOU, has been paid to the Vendors;
- (ii) Second installment: US\$1,500,000 (equivalent to approximately HK\$11,700,000) has been paid to the Vendors within three (3) Business Days following the satisfaction of the Conditions (a) to (d) set out in the paragraph headed “Conditions” below;
- (iii) Third installment: US\$2,347,894 (equivalent to approximately HK\$18,313,000) has been paid to the Vendors within three (3) Business Days following the satisfaction of the Conditions (e) to (f) set out in the paragraph headed “Conditions” below; and
- (iv) Fourth installment: US\$6,407,597 (equivalent to approximately HK\$49,979,000) has been deposited into the Escrow Account within five (5) Business Days from the date of signing the Escrow Agreement (as required to be signed within five (5) Business Days from the date of the S&P Agreement) and the S&P Agreement, and completing the opening of the Escrow Account, which has been released to settle the Debts prior to the Completion in accordance with the terms of the S&P Agreement and the Escrow Agreement.

The Consideration is funded by internal resources of the Group.

Basis for the determination of the Consideration

The Consideration was determined after arm’s length negotiations among the Vendors and the Purchaser. The Consideration for the Sale Shares was determined having taken into account the audited net asset value of the Target Company (excluding the Debts from the liabilities of the Target Company) of approximately VND138.9 billion (equivalent to approximately US\$5,556,000 or HK\$43,337,000) as at 31 December 2024 as adjusted by replacing the book value of the property interests of approximately VND63.0 billion by the valuation amount of the property interests of the Target Company of approximately VND134.1 billion (equivalent to approximately US\$5,364,000 or HK\$41,839,000), resulting in the unaudited adjusted net asset value of approximately VND210.0 billion (equivalent to approximately US\$8,400,000 or HK\$65,520,000). The valuation of the property interests of the Target Company, comprising land use rights and buildings on land, was conducted using comparative approach with market comparison and costing/replacement costing method respectively, based on the market value at the time of valuation according to the Vietnamese valuation standards, and on the assumption that (i) the market does not fluctuate much during the time when the valuation results are valid; and (ii) the negotiated price in real estate sales transactions is the highest possible price achievable in the transaction. The Debts represent the outstanding amount of debts owed by the Target Company to the Vendors and related parties.

LETTER FROM THE BOARD

The Directors, having considered the aforesaid, are of the view that the Consideration, which is at a significant discount to the said unaudited adjusted net asset value of the Target Company, is fair and reasonable, is of normal commercial terms, and is in the interests of the Company and the Shareholders as a whole.

Conditions

Completion is conditional upon the satisfaction (or waiver by the Purchaser, where applicable) of the following Conditions on or before the Long Stop Date:

- (a) the Purchaser has received approval from the relevant governmental authority in Vietnam to purchase the Sale Shares;
- (b) the Purchaser has received the first amended ERC recording, among others, the Purchaser as the sole owner of the Target Company;
- (c) the document certifying the water supply and wastewater treatment capacity has been obtained;
- (d) the mortgage over the land and land-attached assets of the Target Company has been fully released, and the release status has been duly updated on the land use right certificate issued by the relevant governmental authority in Vietnam;
- (e) the Purchaser has received the first amended IRC recording, among others, the Purchaser as the sole owner of the Target Company;
- (f) the Target Company has withheld the income tax payable by all Vendors arising from the Acquisition in accordance with the laws of Vietnam;
- (g) all necessary consents, approvals, authorizations and licenses (including the approval by the Shareholders in respect of the S&P Agreement) in relation to the transactions contemplated under the S&P Agreement have been obtained;
- (h) all the representations and warranties given by the Vendors remaining true, accurate and correct in all respects and all the undertakings under the S&P Agreement having been complied with by the Vendors, save for any breaches caused by accidental or common errors that result in financial or asset losses to the Target Company not exceeding a certain threshold;
- (i) the Vendors have handed over to the Purchaser all originals or copies of the documents concerning the Target Company;
- (j) the second amended ERC and second amended IRC, recording the capital increase of the Target Company equivalent to the amount of the fourth installment of the Consideration, have been issued by the relevant governmental authority in Vietnam;
- (k) the Vendors have received in full the first, second and third installments of the Consideration; and

LETTER FROM THE BOARD

- (l) the Vendors and related parties, have received in full the fourth installment of the Consideration in settlement of the Debts.

As at the Latest Practicable Date, all the conditions set out above have been fulfilled.

Completion

Completion has taken place in April 2025 and the Target Company has become an indirect wholly-owned subsidiary of the Company and the financial results, assets and liabilities of the Target Company have been consolidated into the Group's financial statements.

INFORMATION ON THE PARTIES TO THE S&P AGREEMENT

The Group and the Purchaser

The Group is principally engaged in manufacture and trading of knitted fabrics, dyed fabrics and garment products and provision of related services. The Group operates its business through three segments. The fabric segment engages in the production and sale of knitted fabric and dyed yarn. The garment segment engages in the production and sale of garment products and provision of related subcontracting services. The others segment includes the provision of sewage treatment service, the provision of air and ocean freight handling services and property development.

The Purchaser is an indirect wholly-owned subsidiary of the Company and is principally engaged in manufacture and trading of knitted and dyed fabrics.

The Vendors

To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, each of the Vendors and their respective ultimate beneficial owners is an Independent Third Party.

Vendor C is an investment holding company incorporated in Samoa and a subsidiary of Tah Tong Textile Co., Ltd, a company listed on the Taiwan Stock Exchange (stock code: 1441), which is principally engaged in production and sales of cotton yarns and T/C blended yarns, synthetic yarns, gray cloths, finished fabrics and knitted fabrics.

Vendor D is a company incorporated in Taiwan, China and is principally engaged in manufacture of fabrics and neoprene rubber foam. To the best of the knowledge, information and belief of the Directors and having made all reasonable enquiries, Vendor D has a relatively wide spread of 14 shareholders. The largest shareholders of Vendor D are (i) Yuan Yung Enterprise Co., Ltd. holding 23.0% of the issued shares of Vendor D, which is owned as to 30% by Peng Mei-chen, 30% by Su Ming-yuan, 20% by Su Wen-chung and 20% by Su Wen-chi respectively; and (ii) I Travel Enterprise Co., Ltd. holding 21.6% of the issued shares of Vendor D, which is owned as to 42.22% by Lai, Huang-cheng, 42.22% by Lai, Chien-yi, 7.78% by Shen, Hsing-chin and 7.78% by Lai, Ching-yin respectively. Each of the remaining 12 shareholders hold no more than 10% of the issued shares of Vendor D.

LETTER FROM THE BOARD

The Target Company

The Target Company is a joint stock company duly established and operating in accordance with the laws of Vietnam pursuant to the latest amended IRC dated 1 June 2022, which was issued by the board of management of Dong Nai Industrial Zones for a period of 50 years from the date of the initial investment registration certificate of 10 August 2015. Pursuant to the second amendment dated 10 August 2018, the Target Company changed its business type from a limited liability company to a joint stock company. The charter capital of the Target Company was VND96,962,150,000.

The Target Company is principally engaged in the manufacturing fabric products. Its assets include a land plot located at Nhon Trach VI Industrial Zone with a total built-up area of 27,253 sq.m. including one dyeing factory and two weaving factories.

Set out below is an extract of the financial information of the Target Company for the two years ended 31 December 2023 and 2024 as set out in Appendix II to this circular:

	For the financial year ended 31 December 2023 <i>VND billion (audited) (approximately)</i>	For the financial year ended 31 December 2024 <i>VND billion (audited) (approximately)</i>
Revenue	30.1 (equivalent to US\$1,202,000 or HK\$9,377,000)	52.2 (equivalent to US\$2,086,000 or HK\$16,270,000)
Net loss before taxation	(33.8) (equivalent to US\$(1,352,000) or HK\$(10,551,000))	(13.9) (equivalent to US\$(556,000) or HK\$(4,338,000))
Net loss after taxation	(33.8) (equivalent to US\$(1,352,000) or HK\$(10,551,000))	(13.9) (equivalent to US\$(556,000) or HK\$(4,338,000))

The audited net liabilities of the Target Company as at 31 December 2024 were approximately VND21.2 billion (equivalent to approximately US\$849,000 or HK\$6,626,000). If the Debts in the amount of US\$6,407,597 were to be excluded from the liabilities of the Target Company, the net asset value of the Target Company would have been approximately VND138.9 billion (equivalent to approximately US\$5,557,000 or HK\$43,344,000).

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Target Company is a well-established manufacturing and trading company with an existing production base in Vietnam equipped with immediately available resources including factory facilities, machinery and labour. As disclosed in the announcement of the Company dated 27 December 2024, the ready-to-use manufacturing base would instantly enhance the production capacity for textile manufacturing of the Group without the need to provide substantial capital input. The factory operations of the Target Company are expected to bring synergy to and optimise the efficiency of the Group's existing operations and future business development in Southeast Asia. The Acquisition is also in line with the business strategy of the Group, in particular, the building of an integrated textile and garment production base under self-operation in Southeast Asia.

In view of the above and after the Group conducting its due diligence on the Target Company, the Directors consider that the terms of the Acquisition are fair and reasonable, and the Acquisition is on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

Upon Completion, the Target Company has become a wholly-owned subsidiary of the Group whose financial results, assets and liabilities have been consolidated into the books of the Company.

As reflected in the unaudited pro forma financial information of the Enlarged Group set out in Appendix IV to this circular, the Acquisition has resulted in an increase in total assets of approximately HK\$3.1 million and an increase in total liabilities of approximately HK\$3.7 million. Based on the audited financial information of the Target Group for the year ended 31 December 2024 shown in the accountants' report set out in Appendix II to this circular, the Target Company recorded loss before tax of approximately VND13.9 billion (equivalent to approximately HK\$4.4 million). Notwithstanding such loss-making position, with the combination of the Target Company's existing assets and resources and the Group's experience and robust business strategy, the Group's production and revenue-generating capacities and thus the Group's earnings, are expected to increase in the future.

LISTING RULES IMPLICATIONS

As the highest of the applicable percentage ratios for the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date and to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Acquisition and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Acquisition.

LETTER FROM THE BOARD

Since no Shareholder is required to abstain from voting if the Company were to convene an extraordinary general meeting for the approval of the S&P Agreement and the transactions contemplated thereunder, and the Company has obtained a written approval for the S&P Agreement and the transactions contemplated thereunder from the Closely Allied Group (holding 435,600,000 Shares in aggregate, representing approximately 50.07% of the total number of issued Shares as at the Latest Practicable Date), an extraordinary general meeting of the Company to approve the S&P Agreement and the transactions contemplated thereunder is not required pursuant to Rule 14.44 of the Listing Rules and will not be convened.

RECOMMENDATION

The Board considers that the terms of the S&P Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information contained in the appendices to this circular.

By order of the Board
Kam Hing International Holdings Limited
Tai Chin Chun
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for each of the financial years ended 31 December 2022, 2023 and 2024 were disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.kamhingintl.com) respectively:

- annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 42 to 119):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042702505.pdf>;

- annual report of the Company for the year ended 31 December 2023 published on 29 April 2024 (pages 42 to 123):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042905263.pdf>; and

- annual report of the Company for the year ended 31 December 2024 published on 29 April 2025 (pages 42 to 128):

<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042904526.pdf>

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 March 2025, being the most recent practicable date for the purpose of indebtedness statement of the Enlarged Group prior to the printing of this circular, the Enlarged Group had the following outstanding indebtedness:

	Total <i>HK\$'000</i>
Current	
Unsecured and guaranteed bank borrowings	691,799
Unsecured and unguaranteed lease liabilities	<u>5,122</u>
	<u>696,921</u>
Non-current	
Unsecured and guaranteed bank borrowings	189,929
Unsecured and unguaranteed lease liabilities	<u>26,471</u>
	<u>216,400</u>
Total indebtedness	<u><u>913,321</u></u>

As at 31 March 2025, the interest rates of the bank borrowings of the Enlarged Group ranges from Hong Kong Interbank Offered Rate/Secured Overnight Financing Rate/Current Lending Rate/Loan Prime Rate/Cost of fund -0.9% or +0.85 to 2.00% or 0.75%, whereas the interest rates of the lease liabilities of the Enlarged Group ranges from 2.52% to 4.9%.

Interest-bearing bank borrowings

As at the close of business on 31 March 2025, HK\$881,728,000 of interest-bearing bank borrowings were unsecured and guaranteed by the Company and certain subsidiaries of the Company.

Contingent liabilities

As at the close of business on 31 March 2025, the Enlarged Group did not have any contingent liabilities.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at 31 March 2025, the Enlarged Group did not have any other loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt securities issued and outstanding, and authorised or otherwise created but unissued and term loans of other borrowings, indebtedness in the nature of borrowings, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, which are either guaranteed, unguaranteed, secured or unsecured, guarantees or other material contingent liabilities.

3. WORKING CAPITAL SUFFICIENCY

After due and careful consideration, the Directors are of the opinion that, taking into account the financial resources available to the Enlarged Group including but not limited to the existing cash and bank balances, cash flows generated from the operating activities, available facilities and the effect of the Acquisition, the Enlarged Group will have sufficient working capital for its requirements for at least 12 months from the date of this circular, in the absence of unforeseen circumstances.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

The Group remains cautiously optimistic about its growth prospects for 2025. The global economy is projected to remain resilient, with GDP growth anticipated at 3.3%, supported by moderating inflation that aligns with central bank targets. Inflation in G20 economies is expected to ease significantly, with headline inflation rates declining from 5.4% in 2024 to 3.3% in 2025. This positive outlook is underpinned by a gradual recovery in purchasing power and strong nominal wage gains. However, the return of the Trump administration in the United States raises concerns about policy uncertainty in trade and regulation, which could hinder economic progress and disrupt global supply chains amid ongoing geopolitical tensions. Retailers remain cautious about stock replenishment due to concerns over consumer confidence and potential inventory risk. Despite significant challenges, the Group is

well-prepared to respond with its multi-location manufacturing solutions to customers and streamlined operations. Offering comprehensive textile and garment solutions to global customers, the Group has already experienced a surge in orders for both textile and garment segments, resulting in a fully booked production schedule for the first quarter of 2025.

The Group will utilise the existing resources of the Target Company for expanding its production capacity in the view of building a self-operating integrated textile and garment production base in Southeast Asia. Coupled with the ramp-up of production capacity at its strategic manufacturing partner, CÔNG TY TNHH THIÊN PHÚC THÀNH in Vietnam, the Group's "China + Vietnam" textile manufacturing network will be significantly enhanced. The integrated Vietnam facilities are expected to contribute no less than 25% of the Group's total textile output to support growing market demand in the long term. In Cambodia, the Group's expanded garment factories, equipped with research and development capabilities, continue to grow steadily and win market orders by offering additional value-added products and services. While maintaining the current "China + Vietnam + Cambodia" production triangle, the Group will continue to explore potential investment opportunities in Southeast Asia to address the complex and rapidly changing global trade dynamics, aiming to mitigate geopolitical risks and reduce operating costs. As at the Latest Practicable Date, the Company has not identified any concrete investment opportunities.

The Board expects that the combination of the Group and the Target Company would bring a network of synergies for its manufacturing operation, which will translate into long term benefits for the Group. As mentioned in the paragraph headed "Reasons for and Benefits of the Acquisition" above, the Acquisition will allow the Group to leverage the ready-to-use manufacturing resources of the Target Company to significantly expand the production capacity for textile manufacturing of the Group. As a result, the Acquisition will supplement and bring synergies to the existing offerings of the Group, further solidifying its position in the market and driving significant long-term success. The Enlarged Group will continue to develop its existing business and look for opportunities for further expansion in order to achieve the ultimate goal of becoming a market leader in the textile and garment industry.

In conclusion, the Enlarged Group is poised to capitalise on emerging opportunities while navigating challenges in the global landscape with its diversified manufacturing capabilities and strategic positioning. The Enlarged Group will persist in enhancing its operations to drive sustainable development.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF KAM HING INTERNATIONAL HOLDINGS LIMITED

Introduction

We report on the historical financial information of Korea Textile & Dyeing Support Services Joint Stock Company (the “**Target Company**”) set out on pages II-4 to II-44, which comprises the statement of financial position of the Target Company as at 31 December 2022, 31 December 2023 and 31 December 2024, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for each of the years ended 31 December 2022, 31 December 2023 and 31 December 2024 (the “**Track Record Periods**”), 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-44 forms an integral part of this report, which has been prepared for inclusion in the circular of Kam Hing International Holdings Limited (the “**Company**”) dated 26 May 2025 (the “**Circular**”) in connection with the proposed acquisition of entire equity interests in the Target Company.

Directors' responsibility for the Historical Financial Information

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

The financial statements of the Target Company for the Track Record Periods (“**Underlying Financial Statements**”), on which the Historical Financial Information is based, were prepared by the Directors. The Directors are responsible for the preparation and fair presentation of the Underlying Financial Statements that gives a true and fair view in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), and for such internal control as the Directors determine is necessary to enable the preparation of Underlying Financial Statements that are 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 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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information 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 purpose of the accountants' report, a true and fair view of the Target Company's financial position as at 31 December 2022, 31 December 2023 and 31 December 2024 and the Target Company's financial performance and cash flows for the Track Record Periods in accordance with the basis of preparation and presentation set out in Note 2.1 to the Historical Financial Information.

Report on Matters under the Rules Governing The Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements have been made.

Prism Hong Kong Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

26 May 2025

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

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 Track Record Periods, on which the Historical Financial Information is based, were audited by PwC (Vietnam) Limited under separate terms of engagement with the Target Company in accordance with Vietnamese Accounting Standards, the Vietnamese Corporate Accounting System and applicable regulations on the preparation and presentation of financial statements (**"Underlying Financial Statements"**).

The Historical Financial Information is presented in Vietnamese dong and all values are rounded to the nearest thousand (VND'000) except when otherwise indicated.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
		2024	2023	2022
	<i>Notes</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
Revenue	4	52,147,813	30,056,350	66,205,308
Cost of sales		<u>(60,186,203)</u>	<u>(56,419,813)</u>	<u>(87,320,364)</u>
Gross loss		(8,038,390)	(26,363,463)	(21,115,056)
Other (losses)/income, net	5	(474,094)	(170,043)	515,869
Selling and distribution expenses		(669,782)	(699,204)	(1,598,985)
Administrative expenses		(3,786,314)	(4,294,079)	(6,714,726)
(Impairment losses)/reversal of impairment losses on financial assets, net		(148,972)	133,292	(1,495,320)
Finance costs	6	<u>(786,712)</u>	<u>(2,423,858)</u>	<u>(3,970,815)</u>
LOSS BEFORE TAX	7	(13,904,264)	(33,817,355)	(34,379,033)
Income tax expense	8	<u>—</u>	<u>—</u>	<u>—</u>
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(13,904,264)</u></u>	<u><u>(33,817,355)</u></u>	<u><u>(34,379,033)</u></u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

THE STATEMENT OF FINANCIAL POSITION

		As at 31 December		
		2024	2023	2022
	Notes	VND'000	VND'000	VND'000
NON-CURRENT ASSETS				
Property, plant and equipment	12	80,619,878	87,812,508	64,549,819
Right-of-use assets	13(a)	49,591,680	51,149,244	53,144,901
Investment properties	14	–	–	32,317,329
Intangible assets	15	–	123,349	246,698
Long-term receivables	17	19,027	19,027	549,406
TOTAL NON-CURRENT ASSETS		<u>130,230,585</u>	<u>139,104,128</u>	<u>150,808,153</u>
CURRENT ASSETS				
Inventories	16	2,920,636	5,969,357	10,223,169
Accounts receivable	17	6,483,546	2,140,357	4,944,177
Prepayments, deposits and other receivables	17	513,587	482,041	603,812
Cash and cash equivalents	18	1,484,975	836,699	262,245
TOTAL CURRENT ASSETS		<u>11,402,744</u>	<u>9,428,454</u>	<u>16,033,403</u>
CURRENT LIABILITIES				
Accounts payable	19	10,079,490	4,641,191	7,223,411
Accrued liabilities and other payables	19	151,731,452	136,534,922	84,825,994
Lease liabilities	13(b)	–	–	281,109
Bank loans	20	–	13,629,818	40,283,536
TOTAL CURRENT LIABILITIES		<u>161,810,942</u>	<u>154,805,931</u>	<u>132,614,050</u>
NET CURRENT LIABILITIES		<u>(150,408,198)</u>	<u>(145,377,477)</u>	<u>(116,580,647)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(20,177,613)</u>	<u>(6,273,349)</u>	<u>34,227,506</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

		As at 31 December		
		2024	2023	2022
	Notes	VND'000	VND'000	VND'000
NON-CURRENT LIABILITIES				
Other long-term liabilities	19	<u>1,062,522</u>	<u>1,062,522</u>	<u>7,746,022</u>
TOTAL NON-CURRENT LIABILITIES		<u>1,062,522</u>	<u>1,062,522</u>	<u>7,746,022</u>
NET (LIABILITIES)/ASSETS		<u>(21,240,135)</u>	<u>(7,335,871)</u>	<u>26,481,484</u>
EQUITY				
Equity attributable to ordinary equity holders of the Company				
Share capital	22	96,962,150	96,962,150	96,962,150
Reserves	23	<u>(118,202,285)</u>	<u>(104,298,021)</u>	<u>(70,480,666)</u>
TOTAL EQUITY		<u>(21,240,135)</u>	<u>(7,335,871)</u>	<u>26,481,484</u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

THE STATEMENT OF CHANGES IN EQUITY

		Share premium account	Other reserves	Accumulated losses	Total equity
	<i>Note</i>	Share capital <i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
Balance at 1 January 2022		68,480,400	54,105,819	1,424,339	(91,631,791)
Capital increased	22	28,481,750	–	–	28,481,750
Loss for the year		–	–	(34,379,033)	(34,379,033)
Balance at 31 December 2022		96,962,150	54,105,819	1,424,339	(126,010,824)
Balance at 1 January 2023		96,962,150	54,105,819	1,424,339	(126,010,824)
Loss for the year		–	–	(33,817,355)	(33,817,355)
Balance at 31 December 2023		96,962,150	54,105,819	1,424,339	(159,828,179)
Balance at 1 January 2024		96,962,150	54,105,819	1,424,339	(159,828,179)
Loss for the year		–	–	(13,904,264)	(13,904,264)
Balance at 31 December 2024		96,962,150	54,105,819	1,424,339	(173,732,443)

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

THE STATEMENT OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2024	2023	2022
		VND'000	VND'000	VND'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(13,904,264)	(33,817,355)	(34,379,033)
Adjustments for:				
Depreciation of items of property, plant and equipment	7	9,599,314	9,596,559	6,518,991
Depreciation of right-of-use assets	7	1,557,564	1,703,595	4,785,544
Depreciation of investment properties	7	–	572,712	981,792
Amortisation of intangible assets	7	123,349	123,349	123,349
Provision for inventories, net	7	1,192,933	1,136,639	641,198
Impairment losses/(reversal of impairment losses) on financial assets	7	148,972	(133,292)	1,495,320
Interest income	5	(4,894)	(4,373)	(348,554)
Interest expense	6	786,523	1,991,513	3,813,143
Loss on disposal of items of property, plant and equipment	5	367,546	–	–
		(132,957)	(18,830,653)	(16,368,250)
(Increase)/decrease in accounts receivable		(4,492,161)	2,937,112	(43,918)
(Increase)/decrease in prepayments, deposits and other receivables		(31,546)	652,150	3,869,648
Decrease in inventories		1,855,788	3,117,173	1,751,052
Increase/(decrease) in accounts payable		4,944,245	(2,582,220)	(14,591,917)
Increase in accrued liabilities and other payables		15,196,530	45,025,428	33,297,433
Cash generated from operating activities		17,339,899	30,318,990	7,914,048
Interest received		4,894	4,373	348,554
Interest paid		(786,523)	(1,991,513)	(3,813,143)
Net cash flows generated from operating activities		16,558,270	28,331,850	4,449,459

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

		Year ended 31 December		
		2024	2023	2022
	Notes	VND'000	VND'000	VND'000
CASH FLOWS FROM INVESTING ACTIVITY				
Purchase of property, plant and equipment		<u>(2,280,176)</u>	<u>(822,569)</u>	<u>(1,197,781)</u>
Net cash used in investing activities		<u>(2,280,176)</u>	<u>(822,569)</u>	<u>(1,197,781)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Drawdown of bank loans		16,675,762	44,018,620	92,016,987
Repayment of bank loans		(30,305,580)	(70,672,338)	(120,447,988)
Proceeds from capital contribution		–	–	28,481,750
Repayment of lease liabilities		<u>–</u>	<u>(281,109)</u>	<u>(4,560,163)</u>
Net cash used in financing activities		<u>(13,629,818)</u>	<u>(26,934,827)</u>	<u>(4,509,414)</u>
Net increase/(decrease) in cash and cash equivalents		648,276	574,454	(1,257,736)
Cash and cash equivalents at 1 January	18	<u>836,699</u>	<u>262,245</u>	<u>1,519,981</u>
Cash and cash equivalents at 31 December	18	<u><u>1,484,975</u></u>	<u><u>836,699</u></u>	<u><u>262,245</u></u>

The accompanying notes form part of the Historical Financial Information.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

1. CORPORATE INFORMATION

Korea Textile & Dyeing Support Services Joint Stock Company (“the Company”) is a joint stock company that was established in SR Vietnam. The registered office address of the Company is Nhon Trach 6A Industrial Division, Nhon Trach 6 Industrial Zone, Long Tho Ward, Nhon Trach District, Dong Nai, Vietnam.

The immediate holding company of the Company is Gloucester Co., Ltd, a company incorporated in the Samoa. The ultimate parent of the Company is Tah Tong Textile Co., Ltd, a listed company incorporated in Taiwan.

The principal activities of the Company are textile fabrics, textile finishing products (included dyeing) and rent of factory.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have 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 Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for a financial asset at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value. These financial statements are presented in Vietnamese dong (“VND”) and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2024, the Company had accumulated losses of VND173,732,443,000, the net liabilities amounted to VND21,240,135,000, and the current liabilities exceeded current assets by VND150,408,198,000. In the letter of financial support dated 17 March 2025, Kam Fung (Hong Kong) Garment Company Limited, the potential purchaser of the Company, has confirmed its commitment to continue to provide financial support to enable the Company to meet its liabilities when they fall due and to carry on its business within the next twelve months from the date of signing this letter. Accordingly, the financial statements have been prepared on a going concern basis.

The material accounting policy information adopted by the Company as set out below is consistent with the accounting policies of Kam Hing International Holdings Limited.

2.2 Issued But Not Yet Effective HKFRSs

The Company has not applied the following new and amendments to HKFRSs, that have been issued but are not yet effective, in these financial statements. The Company intends to apply these new and amendments to HKFRSs, if applicable, when they become effective.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Standards	Subject of amendment	Effective date
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity	1 January 2026

The Company is in the process of making an assessment of the impact of these new and amendments to HKFRSs upon initial application, but is not yet in a position to state whether these new and amendments to HKFRSs would have any significant impact on its financial performance and financial position.

2.3 Material Accounting Policies

Fair value measurement

The Company measures its financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, properties under development, financial assets and deferred tax 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 company 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired 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.

Related parties

A party is considered to be related to the 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 Company;
 - (ii) has significant influence over the Company; or

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

- (iii) is a member of the key management personnel of the Company or of a parent of the Company;
- or
- (b) the party is an entity where any of the following conditions applies:
- (i) the entity and the 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 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 Company or an entity related to the 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 (or of a parent 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 Company or to the parent of the Company.

Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprise 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 Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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 principal annual rates used for this purpose are as follows:

Leasehold land	2% to 3%
Buildings	2% to 20%, or over the lease terms, whichever is shorter
Plant and machinery	10% to 25%
Furniture, fixtures and office equipment	12% to 20%

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.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

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 sale proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

The historical cost of an investment property represents the amount of cash or cash equivalents paid or the fair value of another consideration given to acquire the investment property at the time of its acquisition or completion of construction. Expenditure incurred subsequently which has resulted in an increase in the expected future economic benefits from the use of investment properties can be capitalised as an additional historical cost. Otherwise, such expenditure is charged to the income statement when incurred in the year.

Investment properties are depreciated on a straight-line basis to write off the historical cost of the assets over their estimated useful lives. The principal annual rates of each asset class are as follows:

Plant and buildings	3%-10%
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Intangible assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The principal annual rates of each asset class are as follows:

Software	20%
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Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, 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.

Leases

The 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.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The 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 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:

Leasehold land	3 to 50 years
Buildings	2 to 5 years
Plant and machinery	1 to 10 years

If ownership of the leased asset transfers to the 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) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for termination of a lease, if the lease term reflects the Company exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases of property and machinery (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.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Company as a lessor

When the Company acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Company allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in the statement of profit or loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

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 Company's business model for managing them. The 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. Accounts receivable 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 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.

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

Subsequent measurement

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

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

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.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes equity investments which the Company had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Impairment of financial assets

The 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 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 Company assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the 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 Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

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For debt investments at fair value through other comprehensive income, the Company applies the low credit risk simplification. At each reporting date, the Company evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and 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 accounts receivable 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 accounts receivable that do not contain a significant financing component or when the Company applies the practical expedient of not adjusting the effect of a significant financing component, the Company applies the simplified approach in calculating ECLs. Under the simplified approach, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The 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.

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 Company's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, 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 Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the 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 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 Company could be required to repay.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or 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 Company's financial liabilities include accounts payable, financial liabilities included in accrued liabilities and other payables, lease liabilities, interest-bearing bank borrowings and an amount due to an associate.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings 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.

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. 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.

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Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Company's cash management.

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 either in other comprehensive income or directly in equity.

Current tax assets and liabilities 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 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 goodwill or 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 does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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.

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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 does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, 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 and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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 Company expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Company will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Company and the customer at contract inception. When the contract contains a financing component which provides the Company with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Revenue from the sale of textile fabrics and textile finishing products and provision of related services is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the finished goods.

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.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

Rental income is recognised on a time proportion basis over the lease terms.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee benefits

Defined contribution plans

The Company participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by the government. Defined contribution plans are post-employment benefit plans under the Company are required to pay fixed contributions of the standard wages of employees into the Social Insurance Authority on a monthly basis. The Company has no further payment obligations once the contributions have been paid.

All contributions to pension plans are fully and immediately vested and the Company had no unvested benefits available to reduce its future contributions. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Provision for severance allowance

In accordance with Vietnamese Labour laws, employees of the Company who have worked regularly for full 12 months or longer, are entitled to a severance allowance. The working period used for the calculation of severance allowance is the period during which the employee actually works for the Company less the period during which the employee participates in the unemployment insurance scheme in accordance with the labour regulations and the working period for which the employee has received severance allowance from the Company. This allowance will be paid as a lump sum when the employees terminate their labour contracts in accordance with current regulations.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The present value of the provision for severance allowance is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation. This cost is included in employee benefit expense in profit or loss.

Foreign currencies

These financial statements are presented in VND, which is the Company's functional currency. Foreign currency transactions recorded in the Company are initially recorded using its 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 the statement of 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 statement of profit or loss is also recognised in other comprehensive income or statement of 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 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 Company determines the transaction date for each payment or receipt of the advance consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the 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.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, apart from those involving estimates, which have the most significant effect on the amounts recognised in the financial statements.

Impairment of assets

In determining whether an asset is impaired or the event previously causing the impairment no longer exists, the Company has to exercise judgement in the area of asset impairment, particularly in assessing: (1) whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence; (2) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continued use of the asset or derecognition; and (3) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

the assumptions selected by management to determine the level of impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, which may cause an adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment allowance for accounts receivable

The Company uses a provision matrix to calculate ECLs for accounts receivable. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Company's accounts receivable is disclosed in note 27 to the financial statements.

4. REVENUE AND SEGMENT REPORTING

The principal activities of the Company are textile fabrics, textile finishing products (included dyeing) and rent of factory in the Vietnam.

Revenue represents income from sales of finished goods and rendering of services and factory leasing, net of sales related taxes and is after deduction of any trade discounts.

The Company does not distinguish revenue, costs and expenses between segments in its internal reporting, and reports costs and expense by nature as a whole. The Company has only one reportable segment. The Company does not distinguish between markets or segments for the purpose of internal reports. As all of the Company's non-current assets are located in Vietnam and all of the Company's revenue are derived from Vietnam, no geographical information is presented.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	For year ended 31 December		2022
	2024	2023	
	VND'000	VND'000	VND'000
Revenue from contracts with customers within the scope of HKFRS 15			
– Sales of finished goods and rendering of services	52,147,813	24,102,092	60,190,002
– Revenue from factory leasing	–	5,954,258	6,015,306
	<u>52,147,813</u>	<u>30,056,350</u>	<u>66,205,308</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

Information about major customers

Revenue from customers contributing 10% or more of the total revenue of the Company is as follows:

	For year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Julien (VN) Metal Power Co., Ltd	42,757,114	16,718,349	16,197,530
Tah Tong Textile Vietnam Co., Ltd	2,081,369	2,716,038	20,675,138
Asia Knitting Company Limited	652,835	5,952,748	11,774,277
Vietnam Dona Gold Long John International Co., Ltd	–	–	8,754,543
	<u> </u>	<u> </u>	<u> </u>

5. OTHER INCOME/(LOSSES), NET

	For year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Other income			
Interest income	4,894	4,373	348,554
Sales of waste products	239,002	–	156,570
Debt proceeds	–	59,598	7,415
Others	–	339	17,688
	<u> </u>	<u> </u>	<u> </u>
Total	<u>243,896</u>	<u>64,310</u>	<u>530,227</u>
Other losses			
Losses on disposal of fixed assets	(367,546)	–	–
Environmental pollution fines	(290,000)	–	–
Tax fines	(33,346)	–	(4,312)
Losses of other receivables	–	(215,581)	–
Others	(27,098)	(18,772)	(10,046)
	<u> </u>	<u> </u>	<u> </u>
Total	<u>(717,990)</u>	<u>(234,353)</u>	<u>(14,358)</u>
	<u> </u>	<u> </u>	<u> </u>
	<u>(474,094)</u>	<u>(170,043)</u>	<u>515,869</u>

6. FINANCE COSTS

	For year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Bank loan interests	786,523	1,988,885	3,487,645
Interest on lease liabilities	–	2,628	325,498
Others	189	432,345	157,672
	<u> </u>	<u> </u>	<u> </u>
	<u>786,712</u>	<u>2,423,858</u>	<u>3,970,815</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

7. LOSS BEFORE TAX

Loss before tax is arrived at after charging/(crediting):

	For year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Cost of inventories sold and services provided	60,186,203	56,419,813	87,320,364
Auditor's remuneration	440,166	468,510	809,022
Depreciation of property, plant and equipment (Note 12)	9,599,314	9,596,559	6,518,991
Depreciation of right-of-use assets (Note 13(a))	1,557,564	1,703,595	4,785,544
Depreciation of investment properties (Note 14)	–	572,712	981,792
Amortisation of intangible assets (Note 15)	123,349	123,349	123,349
Impairment losses/(reversal of impairment losses) on financial assets, net	148,972	(133,292)	1,495,320
Provision for inventories	1,192,933	1,136,639	641,198
Employee benefit expense			
Wages and salaries	12,116,750	13,110,150	16,943,772
Pension scheme contributions	1,671,983	1,944,159	2,204,380
	<u>13,788,733</u>	<u>15,054,309</u>	<u>19,148,152</u>

8. INCOME TAX EXPENSE

(a) Taxation in the statement of profit or loss represents

	For year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Current tax:			
Charge for the year	<u>–</u>	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>	<u>–</u>

Note: The corporate income tax rate is 20% for the Company in Vietnam.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

(b) Reconciliation between income tax and accounting loss at applicable tax rates

	For year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Loss before tax	(13,904,264)	(33,817,355)	(34,379,033)
Tax at the statutory tax rate	(2,780,853)	(6,763,471)	(6,875,807)
Expenses not deductible for tax	416,740	598,779	946,886
Tax effect of temporary differences not recognised	963,014	770,466	584,963
Tax effect of unused losses not recognised	1,401,099	5,394,226	5,343,958
Total income tax	—	—	—

9. DIRECTORS' REMUNERATION

During the years ended 31 December 2022, 2023 and 2024, the directors received no salary from the Company.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2022, 2023 and 2024 included five non-director employees, details of whose remuneration are as follow:

	For year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Salaries, allowances and benefits in kind	2,507,045	2,778,262	2,872,082
Pension scheme contributions	432,213	403,601	337,400
	2,939,258	3,181,863	3,209,482

11. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2022, 2023 and 2024.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

12. PROPERTY, PLANT AND EQUIPMENT

		Land and buildings	Plant and machinery	Furniture, fixtures and office equipment	Construction in progress	Total
	<i>Notes</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
Cost:						
At 1 January 2022		21,079,579	51,987,572	729,800	2,674,797	76,471,748
Additions		–	115,500	–	1,126,281	1,241,781
Transfer from right-of-use assets	<i>13(a)</i>	–	25,655,941	–	–	25,655,941
Transfer from construction in progress		1,322,734	–	–	(1,322,734)	–
At 31 December 2022 and 1 January 2023		22,402,313	77,759,013	729,800	2,478,344	103,369,470
Additions		111,742	638,827	–	72,000	822,569
Transfer from investment properties	<i>14</i>	37,308,106	–	–	–	37,308,106
Transfer from right-of-use assets	<i>13(a)</i>	–	3,504,740	–	–	3,504,740
Transfer from construction in progress		2,278,344	–	–	(2,278,344)	–
At 31 December 2023 and 1 January 2024		62,100,505	81,902,580	729,800	272,000	145,004,885
Additions		857,000	417,230	–	1,500,000	2,774,230
Disposals		–	(1,633,538)	–	–	(1,633,538)
At 31 December 2024		<u>62,957,505</u>	<u>80,686,272</u>	<u>729,800</u>	<u>1,772,000</u>	<u>146,145,577</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

		Land and buildings	Plant and machinery	Furniture, Fixtures and office equipment	Construction in progress	Total
	<i>Notes</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>	<i>VND'000</i>
Accumulated depreciation and impairment:						
At 1 January 2022		2,282,270	14,766,486	713,537	–	17,762,293
Charge for the year	7	670,402	5,832,326	16,263	–	6,518,991
Transfer from right-of-use assets	13(a)	–	14,538,367	–	–	14,538,367
At 31 December 2022 and 1 January 2023		2,952,672	35,137,179	729,800	–	38,819,651
Charge for the year	7	1,150,766	8,445,793	–	–	9,596,559
Transfer from investment properties	14	5,563,489	–	–	–	5,563,489
Transfer from right-of-use assets	13(a)	–	3,212,678	–	–	3,212,678
At 31 December 2023 and 1 January 2024		9,666,927	46,795,650	729,800	–	57,192,377
Charge for the year	7	1,938,942	7,660,372	–	–	9,599,314
Disposals		–	(1,265,992)	–	–	(1,265,992)
At 31 December 2024		11,605,869	53,190,030	729,800	–	65,525,699
Net book value:						
At 31 December 2024		51,351,636	27,496,242	–	1,772,000	80,619,878
At 31 December 2023		52,433,578	35,106,930	–	272,000	87,812,508
At 31 December 2022		19,449,641	42,621,834	–	2,478,344	64,549,819

Certain bank loans granted to the Company were jointly secured by property, plant and equipment with a net book value of nil (2023: VND48,638,690,000, 2022: VND25,049,451,000) (note 20).

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

13. LEASES

The Company has lease contracts for machinery used in its operation. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company.

(a) Right-of-use assets

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

	<i>Notes</i>	Leasehold land <i>VND'000</i>	Machinery <i>VND'000</i>	Total <i>VND'000</i>
As at 1 January 2022		54,264,372	14,783,647	69,048,019
Depreciation charge	7	(1,557,564)	(3,227,980)	(4,785,544)
Transfer to property, plant and equipment	12	—	(11,117,574)	(11,117,574)
As at 31 December 2022 and 1 January 2023		52,706,808	438,093	53,144,901
Depreciation charge	7	(1,557,564)	(146,031)	(1,703,595)
Transfer to property, plant and equipment	12	—	(292,062)	(292,062)
As at 31 December 2023 and 1 January 2024		51,149,244	—	51,149,244
Depreciation charge	7	(1,557,564)	—	(1,557,564)
As at 31 December 2024		49,591,680	—	49,591,680

Certain bank loans granted to the Company were jointly secured by right-of-use assets with a net book value of nil (2023: VND51,149,244,000, 2022: VND52,706,808,000) (note 20).

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	<i>Note</i>	As at 31 December		2022
		2024 <i>VND'000</i>	2023 <i>VND'000</i>	2022 <i>VND'000</i>
Carrying amount at 1 January		—	281,109	4,841,272
Interest recognised during the year	6	—	2,628	325,498
Payments		—	(283,737)	(4,885,661)
Carrying amount at 31 December		—	—	281,109

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

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

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Interest on lease liabilities	–	2,628	325,498
Depreciation charge of right-of-use assets	1,557,564	1,703,595	4,785,544
Total amount recognised in profit or loss	<u>1,557,564</u>	<u>1,706,223</u>	<u>5,111,042</u>

14. INVESTMENT PROPERTIES

Reconciliation of carrying amount of investment properties

		As at 31 December		
		2024	2023	2022
	Notes	VND'000	VND'000	VND'000
Cost				
Beginning of financial year		–	37,308,106	37,308,106
Transfer to property, plant and equipment	12	–	(37,308,106)	–
End of financial year		–	–	37,308,106
Accumulated depreciation and impairment				
Beginning of financial year		–	4,990,777	4,008,985
Depreciation during the year	7	–	572,712	981,792
Transfer to property, plant and equipment	12	–	(5,563,489)	–
End of financial year		–	–	4,990,777
Carrying amount		<u>–</u>	<u>–</u>	<u>32,317,329</u>

Certain bank loans granted to the Company were jointly secured by investment properties with a net book value of nil (2023: nil, 2022: VND32,317,329,000) (note 20).

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

15. INTANGIBLE ASSETS

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Cost			
Beginning and end of financial year	616,746	616,746	616,746
Accumulated depreciation and impairment			
Beginning of financial year	493,397	370,048	246,699
Depreciation during the year	123,349	123,349	123,349
End of financial year	616,746	493,397	370,048
Carrying amount	<u> — </u>	<u> 123,349 </u>	<u> 246,698 </u>

16. INVENTORIES

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Raw materials	4,045,994	4,459,169	5,407,655
Tools and supplies	182,264	359,378	212,715
Work in progress	1,999,648	3,265,147	5,580,497
Inventories – gross	6,227,906	8,083,694	11,200,867
Provision for impairment	(3,307,270)	(2,114,337)	(977,698)
Inventories – net	<u> 2,920,636 </u>	<u> 5,969,357 </u>	<u> 10,223,169 </u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

17. ACCOUNTS AND OTHER RECEIVABLES

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Accounts receivable (<i>note a</i>)	7,991,345	3,499,184	6,436,296
Less: loss allowance	(1,507,799)	(1,358,827)	(1,492,119)
Net carrying amount	6,483,546	2,140,357	4,944,177
Other receivables	19,027	157,123	764,986
Prepayments and deposits	513,587	343,945	388,232
	7,016,160	2,641,425	6,097,395
Less: non-current portion	(19,027)	(19,027)	(549,406)
Current portion	6,997,133	2,622,398	5,547,989

As at 31 December 2024, included in the Company's accounts receivable was the amounts due from related parties of VND3,451,500,000 (2023: VND1,499,127,000, 2022: VND1,309,915,000).

- (a) As at the end of the reporting period, the ageing analysis of accounts receivable based on the date the relevant accounts receivable recognised, is as follows:

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Within 1 year	6,685,261	2,193,100	5,122,141
1 to 2 years	—	—	914,095
Over 2 years	1,306,084	1,306,084	400,060
Total	7,991,345	3,499,184	6,436,296

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

18. CASH AND CASH EQUIVALENTS

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Cash on hand	8,619	33,177	10,327
Cash at banks	1,476,356	803,522	251,918
	<u> </u>	<u> </u>	<u> </u>
Total	<u>1,484,975</u>	<u>836,699</u>	<u>262,245</u>

19. ACCOUNTS AND OTHER PAYABLES

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Current liabilities			
Accounts payable (<i>note a</i>)	10,079,490	4,641,191	7,223,411
Accrued liabilities and other payables (<i>note b</i>)	151,731,452	136,534,922	84,825,994
	<u> </u>	<u> </u>	<u> </u>
	161,810,942	141,176,113	92,049,405
	<u> </u>	<u> </u>	<u> </u>
Non-current liabilities			
Other long-term liabilities (<i>note c</i>)	1,062,522	1,062,522	7,746,022
	<u> </u>	<u> </u>	<u> </u>
	162,873,464	142,238,635	99,795,427
	<u> </u>	<u> </u>	<u> </u>

(a) As at the end of the reporting period, the ageing analysis of accounts payable based on due date, is as follows:

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Within 3 months	8,649,580	3,206,549	5,003,086
3 to 6 months	–	–	280,066
Over 6 months	1,429,910	1,434,642	1,940,259
	<u> </u>	<u> </u>	<u> </u>
	10,079,490	4,641,191	7,223,411
	<u> </u>	<u> </u>	<u> </u>

As at 31 December 2024, the Company's accounts payable included an amount due to a related party of nil (2023: VND38,514,000, 2022: nil).

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

- (b) Contract liabilities included in accrued liabilities and other payables had the amount of VND137,820,711,000 as at 31 December 2024 (2023: VND123,070,711,000, 2022: VND70,170,711,000). Contract liabilities mainly came from the deposits for selling textile fabrics and textile finishing products.

As at 31 December 2024, the Company's contract liabilities included an amount due to a related party of VND137,320,914,000 (2023: VND122,719,458,000; 2022: VND68,903,591,000).

As at 31 December 2024, excluding contract liabilities, the Company's accrued liabilities and other payables included an amount due to a related party of VND11,397,744,000 (2023: VND11,397,744,000; 2022: VND11,397,744,000).

- (c) Other long-term liabilities were including long-term provisions for dismantling and restoration costs of the Company's leasehold land of VND1,062,522,000 as at 31 December 2022, 31 December 2023 and 31 December 2024, and a factory rental deposit of VND6,683,500,000 at 31 December 2022.

20. BANK LOANS

As at the end of the reporting period, the Company's bank loans are repayable as follows:

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Current liabilities			
Bank loans (<i>note a</i>)	–	13,629,818	40,283,536

- (a) As at 31 December 2024, the Company had no ending balance of bank loans. Bank loans bore interest at a weighted average rate of 7.9% per annum for the year ended 31 December 2023 (2022: 6.8%-8.75% per annum), and are secured by the following assets:

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Property, plant and equipment	–	48,638,690	25,049,451
Right-of-use assets	–	51,149,244	52,706,808
Investment properties	–	–	32,317,329
	–	99,787,934	110,073,588

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

21. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank loans VND'000	Lease liabilities VND'000	Total VND'000
As at 1 January 2022	68,714,537	4,841,272	73,555,809
Changes from financing cash flows	(28,431,001)	(4,560,163)	(32,991,164)
Interest expense	3,487,645	325,498	3,813,143
Interest paid	(3,487,645)	(325,498)	(3,813,143)
As at 31 December 2022 and 1 January 2023	40,283,536	281,109	40,564,645
Changes from financing cash flows	(26,653,718)	(281,109)	(26,934,827)
Interest expense	1,988,885	2,628	1,991,513
Interest paid	(1,988,885)	(2,628)	(1,991,513)
As at 31 December 2023 and 1 January 2024	13,629,818	–	13,629,818
Changes from financing cash flows	(13,629,818)	–	(13,629,818)
Interest expense	786,523	–	786,523
Interest paid	(786,523)	–	(786,523)
As at 31 December 2024	–	–	–

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	For year ended 31 December 2024 VND'000	2023 VND'000	2022 VND'000
Within financing activities	–	281,109	4,560,163

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

22. SHARE CAPITAL

	Number of shares '000	Nominal value VND'000
Authorised capital:		
As at 1 January 2022, ordinary shares of VND10,000 each	6,848	68,480,400
New shares issued (<i>Note</i>)	<u>2,848</u>	<u>28,481,750</u>
As at 31 December 2022, 2023 and 2024, ordinary shares of VND10,000 each	<u>9,696</u>	<u>96,962,150</u>
Issued and fully paid:		
As at 31 December 2022, 2023 and 2024, ordinary shares of VND10,000 each	<u>9,696</u>	<u>96,962,150</u>

Note: During the year ended 31 December 2022, the Company increased its paid-in capital from VND68,480,400,000 to VND96,962,150,000 through the issuance of 2,848,000 new ordinary shares to existing shareholders, who subscribed to the additional capital in proportion to their original shareholdings.

23. RESERVES

The amounts of the Company's reserves and the movements therein for the current and prior years are presented in the statement of changes in equity of the financial statements.

24. COMMITMENTS

Capital commitments outstanding at 31 December contracted but not provided for in the Historical Financial Information were as follows:

	As at 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Purchases of machinery	1,793,439	1,699,187	1,322,998
Construction in progress	683,503	683,503	683,503
Lease contract	<u>—</u>	<u>—</u>	<u>281,109</u>
Total commitments	<u>2,476,942</u>	<u>2,382,690</u>	<u>2,287,610</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

25. MATERIAL RELATED PARTY TRANSACTIONS

Details of the key related parties and relationship are set out below:

Related parties	Relationship
Tah Tong Textile Co., Ltd	Ultimate parent company
Gloucester Co., Ltd	Immediate parent company
Mrs. Phan Le Diem Trang	Member of Board of Directors
Mr. Namkung Chul Woong	Member of Board of Directors
Yee Chain International Co., Ltd	Shareholder
Midlands EA Limited	Fellow subsidiary
Tah Tong Textile Vietnam Co., Ltd	Fellow subsidiary
NALT Enterprise	Other related party
Julien (VN) Metal Power Co., Ltd	Other related party

(a) Transactions with related parties

Except for the amounts due from/to related parties as set out in notes 17 and 19, the other material related party transactions are disclosed as follows:

	For the year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Sales of goods and services to Tah Tong Textile Vietnam Co., Ltd	2,081,369	2,716,038	20,675,138
Sales of goods and services to Julien (VN) Metal Power Co., Ltd	42,757,114	16,718,349	16,197,530

(b) Outstanding balances with related parties

As at 31 December 2022, 31 December 2023 and 31 December 2024, details of the Company's trade balance with its related parties as at the end of the reporting period are disclosed in notes 17 and 19 to the financial statements.

(c) Key management personnel remuneration

Remuneration for key management personnel of the Company, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

26. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	For the year ended 31 December		
	2024	2023	2022
	VND'000	VND'000	VND'000
Assets			
Financial assets at amortised cost			
Accounts receivable	6,483,546	2,140,357	4,944,177
Financial assets included in prepayments, deposits and other receivables	19,027	157,123	764,986
Cash and cash equivalents	1,484,975	836,699	262,245
	<u>7,987,548</u>	<u>3,134,179</u>	<u>5,971,408</u>
Liabilities			
Liabilities at amortised cost			
Accounts payable	10,079,490	4,641,191	7,223,411
Financial liabilities included in accrued liabilities and other payables	11,409,997	11,424,730	11,433,718
Bank loans	–	13,629,818	40,283,536
Lease liabilities	–	–	281,109
	<u>21,489,487</u>	<u>29,695,739</u>	<u>59,221,774</u>

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments comprise bank loans and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as accounts receivable, financial assets included in prepayments, deposits and other receivables, accounts payable, financial liabilities included in accrued liabilities and other payables.

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

(a) Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's interest-bearing bank borrowings with floating interest rates.

The Company regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risk. The interest-bearing bank borrowings are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the statement of profit or loss as earned/incurred.

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The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's loss before tax (through the impact on floating rate borrowings).

	Increase in interest rate %	Increase in the Company's loss before tax VND'000
2024	<u>1</u>	<u>–</u>
2023	<u>1</u>	<u>136,298</u>
2022	<u>1</u>	<u>402,835</u>

(b) Foreign currency risk

Foreign currency risk is the risk of losses due to adverse movements in foreign exchange rates relating to investments denominated in foreign currencies. The Company has transactional currency exposures. Such exposures arise as a substantial portion of sales and purchase transactions is conducted in US dollars ("US\$") with the counterparties.

The Company's assets and liabilities are primarily denominated in VND and US\$.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Company's loss before tax (arising from US\$ denominated financial instruments).

	Increase/(decrease) in US\$ rate %	Decrease/(increase) in the Company's loss before tax VND'000
2024		
If VND weakens against US\$	3	(46,884)
If VND strengthens against US\$	(3)	46,884
2023		
If VND weakens against US\$	3	(46,845)
If VND strengthens against US\$	(3)	46,845
2022		
If VND weakens against US\$	3	(46,799)
If VND strengthens against US\$	(3)	46,799

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(c) Credit risk

The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the 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. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 VND'000	Stage 2 VND'000	Stage 3 VND'000	Simplified approach VND'000	Total VND'000
Accounts receivable	–	–	–	7,991,345	7,991,345
Financial assets included in prepayments, deposits and other receivables	19,027	–	–	–	19,027
Cash and cash equivalents	1,484,975	–	–	–	1,484,975
	<u>1,504,002</u>	<u>–</u>	<u>–</u>	<u>7,991,345</u>	<u>9,495,347</u>

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1 VND'000	Stage 2 VND'000	Stage 3 VND'000	Simplified approach VND'000	Total VND'000
Accounts receivable	–	–	–	3,499,184	3,499,184
Financial assets included in prepayments, deposits and other receivables	157,123	–	–	–	157,123
Cash and cash equivalents	836,699	–	–	–	836,699
	<u>993,822</u>	<u>–</u>	<u>–</u>	<u>3,499,184</u>	<u>4,493,006</u>

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As at 31 December 2022

	12-month ECLs	Lifetime ECLs			
	Stage 1 VND'000	Stage 2 VND'000	Stage 3 VND'000	Simplified approach VND'000	Total VND'000
Accounts receivable	–	–	–	6,436,296	6,436,296
Financial assets included in prepayments, deposits and other receivables	764,986	–	–	–	764,986
Cash and cash equivalents	262,245	–	–	–	262,245
	<u>1,027,231</u>	<u>–</u>	<u>–</u>	<u>6,436,296</u>	<u>7,463,527</u>

(d) Liquidity risk

The Company monitors its risk to a shortage of funds by considering the maturity of both its financial instruments and financial assets (e.g. accounts receivable) and projected cash flows from operations.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the interest-bearing bank borrowings and lease liabilities to meet its working capital and capital expenditure requirements.

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

	2024			
	Less than 12 months VND'000	1 to 5 years VND'000	Over 5 years VND'000	Total VND'000
Accounts payable	10,079,490	–	–	10,079,490
Financial liabilities included in accrued liabilities and other payables	<u>11,409,997</u>	<u>–</u>	<u>–</u>	<u>11,409,997</u>
Total	<u>21,489,487</u>	<u>–</u>	<u>–</u>	<u>21,489,487</u>

	2023			
	Less than 12 months VND'000	1 to 5 years VND'000	Over 5 years VND'000	Total VND'000
Accounts payable	4,641,191	–	–	4,641,191
Financial liabilities included in accrued liabilities and other payables	11,424,730	–	–	11,424,730
Bank loans	<u>13,941,339</u>	<u>–</u>	<u>–</u>	<u>13,941,339</u>
Total	<u>30,007,260</u>	<u>–</u>	<u>–</u>	<u>30,007,260</u>

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

	2022			
	Less than 12 months	1 to 5 years	Over 5 years	Total
	VND'000	VND'000	VND'000	VND'000
Accounts payable	7,223,411	–	–	7,223,411
Financial liabilities included in accrued liabilities and other payables	11,433,718	–	–	11,433,718
Bank loans	41,028,074	–	–	41,028,074
Lease liabilities	283,737	–	–	283,737
Total	<u>59,968,940</u>	<u>–</u>	<u>–</u>	<u>59,968,940</u>

(e) Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of 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 2024, 31 December 2023 and 31 December 2022.

The Company monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt comprises all bank loans and other borrowings, accounts payable, accrued liabilities and other payables, and lease liabilities less cash and cash equivalents. The total equity comprises ordinary equity holders' equity as stated in the statement of financial position.

APPENDIX II ACCOUNTANTS' REPORT OF THE TARGET COMPANY

The Company's strategy is to maintain the gearing ratio at a healthy capital level in order to support its business. The gearing ratios of the Company as at the end of the reporting periods were as follows:

	2024	2023	2022
	VND'000	VND'000	VND'000
Bank loans (<i>note 20</i>)	–	13,629,818	40,283,536
Accounts payable	10,079,490	4,641,191	7,223,411
Accrued liabilities and other payables	151,731,452	136,534,922	84,825,994
Lease liabilities	–	–	281,109
Less: Cash and cash equivalents	<u>(1,484,975)</u>	<u>(836,699)</u>	<u>(262,245)</u>
Net debt	<u>160,325,967</u>	<u>153,969,232</u>	<u>132,351,805</u>
Equity attributable to ordinary equity holders of the Company and total capital	<u>(21,240,135)</u>	<u>(7,335,871)</u>	<u>26,481,484</u>
Capital and net debt	<u>139,085,832</u>	<u>146,633,361</u>	<u>158,833,289</u>
Gearing ratio	<u>115.3%</u>	<u>105.0%</u>	<u>83.3%</u>

28. EVENT AFTER THE TRACK RECORD PERIODS

There is no material event after 31 December 2024.

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to 31 December 2024.

Set out below is the management discussion and analysis of the Target Company for the three financial years ended 31 December 2022, 2023 and 2024 which is prepared based on the financial information of the Target Company as set out in Appendix II to this circular.

BUSINESS OVERVIEW

The Target Company is joint stock company duly established and operating in accordance with the laws of Vietnam. The principal activities of the Target Company are textile fabrics, textile finishing products (including dyeing); provision of real estate brokerage services, real estate counselling services and rent of factory. Its assets include a land plot located at Nhon Trach VI Industrial Zone with a total built-up area of 27,253 sq.m. including one dyeing factory and two weaving factories.

FINANCIAL REVIEW

Revenue

The Target Company mainly generates its revenue from the sales of finished goods and rendering of services, and the rest from factory leasing.

The net revenue from the sales of finished goods and rendering of services significantly decreased from approximately VND60.2 billion for the year ended 31 December 2022 to approximately VND24.1 billion for the year ended 31 December 2023, and further increased to approximately VND52.1 billion for the year ended 31 December 2024. The net revenue from factory leasing remained at around approximately VND6.0 billion for both the years ended 31 December 2022 and 2023, and no revenue was generated for the year ended 31 December 2024 due to the cessation of the factory leasing business since August 2023.

The decrease in revenue during the year ended 31 December 2023 was attributable to a range of factors, including the negative impact brought by the COVID-19 pandemic and the Target Company no longer processed goods for export and has relied on processing for domestic customers with limited margin starting from 2023. The revenue has partially recovered after the COVID-19 pandemic during the year ended 31 December 2024.

Gross Loss

Gross loss of the Target Company was approximately VND21.1 billion for the year ended 31 December 2022, which increased to approximately VND26.4 billion for the year ended 31 December 2023, and further decreased to approximately VND8.0 billion for the year ended 31 December 2024. The increase in gross loss during the year ended 31 December 2023 and subsequent decrease in gross loss during the year ended 31 December 2024 was in line with the trend of revenue as mentioned in the paragraph above.

Loss Before Tax

The Target Company incurred net loss before tax of approximately VND34.4 billion for the year ended 31 December 2022, which slightly decreased to VND33.8 billion for the year ended 31 December 2023, and further decreased to approximately VND13.9 billion for the year ended 31 December 2024. For the year ended 31 December 2023, the decrease in net loss before tax was primarily attributable to improved operational efficiency and cost control measures. For the year ended 31 December 2024, the decrease in net loss before tax was primarily attributable to the decrease in finance costs.

Finance Costs

Finance costs, which include bank loan interest expenses and interest on lease liabilities, decreased over the years in line with the decrease in borrowings throughout the years. For the years ended 31 December 2022, 2023 and 2024, the amount of financial expenses was approximately VND4.0 billion, VND2.4 billion and VND0.8 billion respectively.

Selling and Distribution Expenses

Selling and distribution expenses decreased from approximately VND1.6 billion for the year ended 31 December 2022, to approximately VND0.7 billion for the year ended 31 December 2023, and remained at approximately VND0.7 billion for the year ended 31 December 2024, in line with the trend of sales.

Administrative Expenses

Administrative expenses, including staff costs and outside service expenses, decreased from VND6.7 billion for the year ended 31 December 2022, to approximately VND4.3 billion for the year ended 31 December 2023, and decreased to approximately VND3.8 billion for the year ended 31 December 2024.

Capital Structure, Liquidity and Financial Resource

The Target Company had net assets of about VND26.5 billion, net liabilities of about VND7.3 billion and net liabilities of VND21.2 billion as at 31 December 2022, 2023 and 2024 respectively. The Target Company funded its working capital and capital expenditures mainly through equity financing and borrowing. The gearing ratios of the Target Company (i.e. net debts divided by the sum of equity and net debts) were 83.3%, 105.0% and 115.3% respectively as at 31 December 2022, 2023 and 2024.

As at 31 December 2022, 2023 and 2024, the amount of bank loans and other borrowings was approximately VND51.7 billion, VND25.0 billion and VND11.4 billion respectively, comprising an interest-bearing and secured bank loan of about VND40.3 billion, VND13.6 billion and nil respectively, each with a term of 12 months and non-interest bearing, and unsecured borrowings from related parties of about VND11.4 billion, VND11.4 billion and VND11.4 billion respectively with a term of 12 months, for working capital purposes. Aside from the bank loans and other borrowings, contract liabilities representing short-term advances from customers and related parties were totalling about VND70.2 billion, VND123.1 billion and VND137.8 billion as at 31 December 2022, 2023 and 2024 respectively.

Charges on Assets

As at 31 December 2022, property, plant and equipment with a carrying value of VND25.0 billion, right-of-use assets with a carrying value of VND52.7 billion and investment properties with a carrying value of about VND32.3 billion were pledged with the bank as security for borrowings granted to the Target Company as mentioned above.

As at 31 December 2023, property, plant and equipment with a carrying value of VND48.6 billion and right-of-use assets with a carrying value of VND51.1 billion were pledged with the bank as security for borrowings granted to the Target Company as mentioned above.

As at 31 December 2024, none of the Company's assets were pledged as security for borrowings.

CONTINGENT LIABILITIES

As at 31 December 2022, 2023 and 2024, the Target Company had no material contingent liabilities.

FOREIGN EXCHANGE EXPOSURE

During the three years ended 31 December 2024, substantially all transactions, all borrowings and the cash and cash equivalents of the Target Company were mainly denominated in VND. As the foreign exchange exposure of the Target Company was considered minimal, and therefore, the Target Company did not have a foreign currency hedging policy. The management will closely monitor foreign exchange exposure and will consider hedging significant currency risk should the need arise.

SIGNIFICANT INVESTMENTS

As at 31 December 2022, the Target Company held investment properties with a carrying value of about VND32.3 billion and generated rental income from leasing such properties. The historical cost of the said investment properties was about VND37.3 billion as at 31 December 2022. Starting from the year ended 31 December 2023, the investment properties had been converted to property, plant and equipment and solely used as a storage facility for goods.

MATERIAL ACQUISITIONS AND DISPOSALS

During the three years ended 31 December 2022, 2023 and 2024, the Target Company had no material acquisitions and disposals.

SEGMENTAL INFORMATION

For the years ended 31 December 2022, 2023 and 2024, substantially all of the Target Company's turnover were derived from the sales of finished goods and rendering of services.

EMPLOYEES AND REMUNERATION

The Target Company had 103, 75 and 69 employees as at 31 December 2022, 2023 and 2024 respectively. The employees were remunerated based on their working hours, with level of wages determined by taking into account the prevailing market conditions. The staff costs incurred were VND19.1 billion, VND15.1 billion and VND13.8 billion for the years ended 31 December 2022, 2023 and 2024 respectively.

The Target Company regularly reviews its remuneration policy and related packages. While the Target Company has not adopted or implemented any bonus, share option scheme or training scheme, bonuses and commissions may be awarded to employees, on a case-by-case basis, according to the assessment of their performance. The compensation approaches for the employees of the Target Company were determined based on their responsibilities, competence, aptitudes, involvement and performance as well as market pay level. The Target Company reviewed the compensation and benefits of its employees yearly in accordance with prevailing market practice and individual performance of the employees.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 31 December 2022, 2023 and 2024, the Target Company has no future plans for material investments or capital assets.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is an illustrative unaudited pro forma financial information of Kam Hing International Holdings Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) and Korea Textile & Dyeing Support Service Joint Stock Company (the “**Target Company**”) (the Group and the Target Company hereinafter collectively referred to as the “**Enlarged Group**”) (the “**Unaudited Pro Forma Financial Information**”), including the unaudited pro forma consolidated statement of financial position, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2024 of the Enlarged Group, for the purpose of illustrating the effect of the proposed acquisition of the Target Company (the “**Proposed Acquisition**”), as if the Proposed Acquisition had been completed on (i) 31 December 2024 for the unaudited pro forma consolidated statement of profit or loss, unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows; and (ii) 31 December 2024 for the unaudited pro forma consolidated statement of financial position.

The Unaudited Pro Forma Financial Information has been prepared by the directors of the Company (the “**Directors**”) based on the consolidated statement of financial position of the Group as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2024 as set out in the published annual report of the Group for the year ended 31 December 2024, the historical financial information of the Target Company as at 31 December 2024 and for the year ended 31 December 2024 which has been extracted from the Accountants’ Report as set out in Appendix II to this circular, and the pro forma adjustments prepared to reflect the effects of the Proposed Acquisition as described in the accompanying notes. These pro forma adjustments are (i) directly attributable to the Proposed Acquisition and not relating to other future events or decisions and (ii) factually supportable.

The Unaudited Pro Forma Financial Information has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules for illustrative purpose only and is based on certain assumptions, estimates, uncertainties and other currently available information. Because of its hypothetical nature, the Unaudited Pro Forma Financial Information may not give a true picture of the financial position, results of operations and cash flows of the Enlarged Group had the Proposed Acquisition been completed as at 31 December 2024 or 1 January 2024, where applicable, or at any future dates.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with other financial information included elsewhere in this circular.

APPENDIX IV**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP****Unaudited Pro Forma Consolidated Statement of Financial Position**

	The Group as at 31 December 2024 HK\$'000 (Note 1)	The Target Company as at 31 December 2024 HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 3) HK\$'000 (Note 4)		Pro forma Enlarged Group as at 31 December 2024 HK\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	875,715	24,730	(2,789)	–	897,656
Investment property	54,227	–	–	–	54,227
Right-of-use assets	162,277	15,212	12,973	–	190,462
Goodwill	405	–	33,404	–	33,809
Interests in associates	5,277	–	–	–	5,277
Properties under development	53,674	–	–	–	53,674
Prepayments	33,173	–	–	–	33,173
Long-term receivables	39,558	6	–	–	39,564
Deposits paid	4,902	–	–	–	4,902
Deferred tax assets	37,224	–	–	–	37,224
TOTAL NON-CURRENT ASSETS	1,266,432	39,948	43,588	–	1,349,968
CURRENT ASSETS					
Inventories	826,683	896	–	–	827,579
Accounts and bills receivables	518,455	1,989	–	–	520,444
Prepayments, deposits and other receivables	113,792	158	–	–	113,950
Financial asset at fair value through profit or loss	209	–	–	–	209
Tax recoverable	61	–	–	–	61
Pledged deposits and restricted bank balances	37,285	–	–	–	37,285
Cash and cash equivalents	672,814	456	(83,892)	–	589,378
TOTAL CURRENT ASSETS	2,169,299	3,499	(83,892)	–	2,088,906
CURRENT LIABILITIES					
Accounts and bills payables	607,894	3,092	(2,854)	–	608,132
Accrued liabilities and other payables	167,780	46,544	(46,002)	631	168,953
Due to an associate	947	–	–	–	947
Tax payable	6,406	–	–	–	6,406
Lease liabilities	5,514	–	–	–	5,514
Interest-bearing bank borrowings	697,123	–	–	–	697,123
TOTAL CURRENT LIABILITIES	1,485,664	49,636	(48,856)	631	1,487,075
NET CURRENT ASSETS/(LIABILITIES)	683,635	(46,137)	(35,036)	(631)	601,831
TOTAL ASSETS LESS CURRENT LIABILITIES	1,950,067	(6,189)	8,552	(631)	1,951,799

APPENDIX IV**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	The Group as at 31 December 2024 HK\$'000 (Note 1)	The Target Company as at 31 December 2024 HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 3) HK\$'000 (Note 4)		Pro forma Enlarged Group as at 31 December 2024 HK\$'000
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	189,812	–	–	–	189,812
Other long-term payables	–	326	–	–	326
Lease liabilities	27,557	–	–	–	27,557
Deferred tax liabilities	10,792	–	2,037	–	12,829
TOTAL NON-CURRENT LIABILITIES	228,161	326	2,037	–	230,524
NET ASSETS/(LIABILITIES)	1,721,906	(6,515)	6,515	(631)	1,721,275
EQUITY					
Equity attributable to ordinary equity holders of the Company					
Issued capital	86,992	29,743	(29,743)	–	86,992
Reserves	1,633,696	(36,258)	36,258	(631)	1,633,065
	1,720,688	(6,515)	6,515	(631)	1,720,057
Non-controlling interests	1,218	–	–	–	1,218
TOTAL EQUITY	1,721,906	(6,515)	6,515	(631)	1,721,275

APPENDIX IV**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP****Unaudited Pro Forma Consolidated Statement of Profit or Loss**

	The Group for the year ended 31 December 2024 HK\$'000 (Note 1)	The Target Company for the year ended 31 December 2024 HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 4)	Pro forma Enlarged Group for the year ended 31 December 2024 HK\$'000
Revenue	3,824,324	16,540	–	3,840,864
Cost of sales	<u>(3,401,933)</u>	<u>(19,089)</u>	<u>–</u>	<u>(3,421,022)</u>
Gross profit/(loss)	422,391	(2,549)	–	419,842
Other income and gains, net	60,416	(150)	–	60,266
Selling and distribution expenses	(109,430)	(212)	–	(109,642)
Administrative expenses	(282,853)	(1,202)	(631)	(284,686)
Write-back of impairment losses/ (impairment losses) on financial assets, net	8,098	(47)	–	8,051
Other operating expenses, net	(135)	–	–	(135)
Finance costs	(57,550)	(250)	–	(57,800)
Share of profits of associates	<u>532</u>	<u>–</u>	<u>–</u>	<u>532</u>
Profit/(Loss) before tax	41,469	(4,410)	(631)	36,428
Income tax expense	<u>(12,974)</u>	<u>–</u>	<u>–</u>	<u>(12,974)</u>
Profit/(Loss) for the year	<u>28,495</u>	<u>(4,410)</u>	<u>(631)</u>	<u>23,454</u>
Attributable to:				
Ordinary equity holders of the Company	28,155	(4,410)	(631)	23,114
Non-controlling interests	<u>340</u>	<u>–</u>	<u>–</u>	<u>340</u>
	<u>28,495</u>	<u>(4,410)</u>	<u>(631)</u>	<u>23,454</u>

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**
Unaudited Pro Forma Consolidated Statement of Comprehensive Income

	The Group for the year ended 31 December 2024 HK\$'000 (Note 1)	The Target Company for the year ended 31 December 2024 HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 4)	Pro forma Enlarged Group for the year ended 31 December 2024 HK\$'000
Profit/(Loss) for the year	<u>28,495</u>	<u>(4,410)</u>	<u>(631)</u>	<u>23,454</u>
Other comprehensive income				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Exchange differences on translation of foreign operations	<u>—</u>	<u>145</u>	<u>—</u>	<u>145</u>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>				
Gain on property revaluation	49,418	—	—	49,418
Income tax effect	<u>(7,413)</u>	<u>—</u>	<u>—</u>	<u>(7,413)</u>
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	<u>42,005</u>	<u>—</u>	<u>—</u>	<u>42,005</u>
Other comprehensive income for the year	<u>42,005</u>	<u>145</u>	<u>—</u>	<u>42,150</u>
Total comprehensive income/(expenses) for the year	<u><u>70,500</u></u>	<u><u>(4,265)</u></u>	<u><u>(631)</u></u>	<u><u>65,604</u></u>
Attributable to:				
Ordinary equity holders of the Company	70,160	(4,265)	(631)	65,264
Non-controlling interests	<u>340</u>	<u>—</u>	<u>—</u>	<u>340</u>
	<u><u>70,500</u></u>	<u><u>(4,265)</u></u>	<u><u>(631)</u></u>	<u><u>65,604</u></u>

APPENDIX IV**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP****Unaudited Pro Forma Consolidated Statement of Cash Flows**

	The Group for the year ended 31 December 2024 HK\$'000 (Note 1)	The Target Company for the year ended 31 December 2024 HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 3) (Note 4)		Pro forma Enlarged Group for the year ended 31 December 2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(Loss) before tax	41,469	(4,410)	–	(631)	36,428
Adjustments for:					
Share of loss of an associate	(532)	–	–	–	(532)
Bank interest income	(6,611)	(2)	–	–	(6,613)
Fair value losses:					
Financial asset at fair value through profit or loss	15	–	–	–	15
Interest on bank loans and overdrafts	54,785	249	–	–	55,034
Amortisation of bank charges on syndicated loans	1,908	–	–	–	1,908
Interest on lease liabilities	857	–	–	–	857
Depreciation of items of property, plant and equipment	203,049	3,045	–	–	206,094
Depreciation of right-of-use assets	12,870	494	–	–	13,364
Amortisation of intangible assets	–	39	–	–	39
Loss on disposal of items of property, plant and equipment, net	1,720	117	–	–	1,837
Provision for inventories, net	–	378	–	–	378
(Write-back of impairment)/impairment allowance for accounts receivable, net	(8,197)	47	–	–	(8,150)
Write-off of other receivables	99	–	–	–	99
Changes in fair value of investment property	2,221	–	–	–	2,221
Gain on disposal of a subsidiary	(32,598)	–	–	–	(32,598)
	271,055	(43)	–	(631)	270,381
Decrease in inventories	63,100	589	–	–	63,689
Increase in accounts and bills receivables	(15,346)	(1,425)	–	–	(16,771)
Increase in prepayments, deposits and other receivables	(24,733)	(10)	–	–	(24,743)
(Decrease)/increase in accounts and bills payables	(70,935)	1,568	(2,854)	–	(72,221)
(Decrease)/increase in accrued liabilities and other payables	(2,805)	4,820	(46,002)	631	(43,356)
CASH GENERATED FROM OPERATIONS	220,336	5,499	(48,856)	–	176,979

APPENDIX IV
**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

	The Group for the year ended 31 December 2024 HK\$'000 (Note 1)	The Target Company for the year ended 31 December 2024 HK\$'000 (Note 2)	Pro forma adjustments HK\$'000 (Note 3) HK\$'000 (Note 4)		Pro forma Enlarged Group for the year ended 31 December 2024 HK\$'000
Interest received	6,611	2	–	–	6,613
Interest paid	(54,785)	(249)	–	–	(55,034)
Interest element of lease payments	(857)	–	–	–	(857)
Hong Kong profits tax refunded	2,301	–	–	–	2,301
Hong Kong profits tax paid	(151)	–	–	–	(151)
Overseas taxes refunded	658	–	–	–	658
Overseas taxes paid	(3,660)	–	–	–	(3,660)
NET CASH GENERATED FROM OPERATING ACTIVITIES	170,453	5,252	(48,856)	–	126,849
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchases of items of property, plant and equipment	(86,731)	(723)	–	–	(87,454)
Proceeds from disposal of items of property, plant and equipment	2,347	–	–	–	2,347
Net proceed paid for the acquisition of subsidiary	166	–	(35,036)	–	(34,870)
Disposal of a subsidiary	53,311	–	–	–	53,311
Increase in interest in associates	(3,265)	–	–	–	(3,265)
Increase in long-term receivables	(1,210)	–	–	–	(1,210)
Placement of long-term deposits paid	(2,526)	–	–	–	(2,526)
Withdrawal of pledged deposits and restricted bank balances	8,254	–	–	–	8,254
NET CASH USED IN INVESTING ACTIVITIES	(29,654)	(723)	(35,036)	–	(65,413)
CASH FLOWS FROM FINANCING ACTIVITIES					
Principal portion of lease payments	(6,159)	–	–	–	(6,159)
Drawdown of bank loans	1,646,079	5,289	–	–	1,651,368
Repayment of bank loans	(2,023,993)	(9,612)	–	–	(2,033,605)
NET CASH USED IN FINANCING ACTIVITIES	(384,073)	(4,323)	–	–	(388,396)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(243,274)	206	(83,892)	–	(326,960)
Cash and cash equivalents at beginning of year	916,088	265	–	–	916,353
Effect of foreign exchange rate changes, net	–	(15)	–	–	(15)
CASH AND CASH EQUIVALENTS AT END OF YEAR	672,814	456	(83,892)	–	589,378

NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The exchange rate set out below have been used in the preparation of the adjustment unless specified in the note.

VND1 = HK\$0.0003067

Notes:

1. The amounts are extracted from the audited consolidated financial statements of the Group as set out in the published annual report of the Group for the year ended 31 December 2024.
2. The amounts are extracted from the accountants' report of the Target Company as set out in Appendix II to this circular.

The functional currency and the presentation currency of the Target Company are VND. For the purpose of the unaudited pro forma consolidated statement of financial position, the balances denominated in VND have been translated into HK\$ at VND 1 to HK\$0.0003067, the exchange rate prevailing as at 31 December 2024. For the purpose of unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income, and unaudited pro forma consolidated statement of cash flows, the amounts denominated in VND have been translated into HK\$ at VND1 to HK\$0.0003172, the average exchange rate prevailing for the year ended 31 December 2024.

3. Pursuant to the S&P Agreement, the total consideration of HK\$83,892,000 will be satisfied by cash, including (i) the acquisition of 100% of the share capital of the Target Company amounting to HK\$33,913,000; and (ii) the settlement of debts amounting to HK\$49,979,000. The total consideration is to be satisfied by cash. The Directors expect that the cash consideration will be funded by internal resources of the Group.

Upon the completion of the Proposed Acquisition, the Target Company will become an indirectly held wholly-owned subsidiary of the Company. The identifiable assets and liabilities of the Target Company will be accounted for by the Group at their fair values in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combination".

For the purpose of the Unaudited Pro Forma Financial Information, the Directors have estimated the fair values of the properties including the land use right and the building on land owned by the Target Company with reference to the valuation report dated 20 March 2025 prepared by Hoang Quan Appraisal Co., Ltd, an independent valuer. The fair value change on the properties apportion to the Target Company acquired through the Proposed Acquisition was approximately HK\$10,184,000. The excess of fair value allocated to properties upon consolidation is then depreciated over the remaining useful life of the assets.

APPENDIX IV

**UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE ENLARGED GROUP**

As a result, the identifiable assets and liabilities of the Target Company will be consolidated into the consolidated statement of financial position of the Group. Goodwill arising on the date of the Proposed Acquisition is calculated as follows:

	2024 <i>HK\$'000</i>
Consideration	<u>83,892</u>
Less:	
Net liabilities of the Target Company as at 31 December 2024	(6,515)
Fair value adjustment on properties apportion to the Target Company acquired through the Proposed Acquisition	10,184
Deferred tax liabilities at 20% relating to the fair value adjustment	(2,037)
The settlement of debt amounts of the Target Company	<u>48,856</u>
Goodwill arising on the date of the Proposed Acquisition	<u><u>33,404</u></u>

The amounts of goodwill and fair values of the identifiable assets and liabilities of the Target Company are subject to change upon the completion of the valuation of the fair values of the identifiable assets and liabilities of the Target Company on the date of completion of the Proposed Acquisition. Consequently, the resulting goodwill, the actual allocation of the purchase price at the date of completion will likely result in different amounts than those stated in the Unaudited Pro Forma Financial Information.

In the preparation of this Unaudited Pro Forma Financial Information of the Enlarged Group, the directors of the Company had performed an impairment assessment of the goodwill, property, plant and equipment and right-of-use assets in accordance with Hong Kong Accounting Standard 36 “Impairment of Assets”. Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss will be recognised. An impairment loss recognised for goodwill will not be reversed in a subsequent period.

Based on the latest information available to us when preparing the Unaudited Pro Forma Financial Information, no impairment of goodwill has been recognised by the Group. This impairment was determined based on the recoverable amount of the Target Company, determined based on the value in use of the Target Company. The Group adopts the same accounting policy for the impairment of goodwill for the goodwill arising from the Proposed Acquisition.

4. It represents the estimated legal and professional fees and other direct expenses in relation to the Proposed Acquisition of approximately HK\$631,000.
5. Other than the above adjustments, no other adjustment had been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions that the Enlarged Group and the Target Company entered subsequent to 31 December 2024. The above adjustments are not expected to have a continuing effect on the unaudited pro forma financial information of the Enlarged Group.

**INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the directors of Kam Hing International Holdings Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Kam Hing International Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**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 consolidated statement of financial position as at 31 December 2024, the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2024 and related notes as set out on pages IV-1 to IV-9 of the investment circular in connection with the proposed acquisition of the 100% of equity interest in Korea Textile & Dyeing Support Services Joint Stock Company (the “**Proposed Acquisition**”) issued by the Company dated 26 May 2025 (the “**Circular**”). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages IV-1 of Appendix IV of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Acquisition on the Group’s financial position as at 31 December 2024 and the Group’s financial performance and cash flows for the year ended 31 December 2024 as if the Proposed Acquisition had taken place at 31 December 2024 and 1 January 2024, respectively. As part of this process, information about the Group’s financial position, financial performance and cash flows has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 December 2024, on which an audit report has been published.

Directors’ Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 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 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Management

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 behavior.

The firm applies Hong Kong Standard on Quality Management (“**HKSQM**”) 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 paragraph 29(7) of Chapter 4 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 paragraph 29 of Chapter 4 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 unaudited pro forma financial information included in an investment circular is solely to illustrate the impact of the event or transaction on the unadjusted financial information of the Group as if the event or transaction had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 31 December 2024 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 event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited 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' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or 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 purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Prism Hong Kong Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

26 May 2025

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. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests or short positions of the Directors and chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors adopted by the Company (the “**Model Code**”) to be notified to the Company and the Stock Exchange, were as follows:

Long positions in the Shares

Name of Director	Capacity and nature of interest				Approximate percentage of shareholdings
	Beneficial owner	Interest of spouse	Interest of controlled corporation	Total interests	
Mr. Tai Chin Chun (<i>Note 1</i>)	3,000,000	1,000,000	332,600,000	336,600,000	38.69%
Mr. Tai Chin Wen (<i>Note 2</i>)	2,000,000	1,000,000	96,000,000	99,000,000	11.38%
Ms. Cheung So Wan (<i>Note 3</i>)	1,000,000	335,600,000	–	336,600,000	38.69%
Ms. Wong Siu Yuk (<i>Note 4</i>)	1,000,000	98,000,000	–	99,000,000	11.38%
Mr. Lei Heong Man	200,000	–	–	200,000	0.02%

Notes:

- (1) 332,600,000 shares are held by Exceed Standard Limited (“**Exceed Standard**”), a company incorporated in the British Virgin Islands (the “**BVI**”) and beneficially owned by Mr. Tai Chin Chun. 1,000,000 shares are held by Ms. Cheung So Wan, the spouse of Mr. Tai Chin Chun. As such, Mr. Tai Chin Chun is deemed to be interested in the shares held by Exceed Standard and Ms. Cheung So Wan under the SFO.

Mr. Tai Chin Chun, the chairman and an executive Director, is also a director of Exceed Standard, which has an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

- (2) 96,000,000 shares are held by Power Strategy Limited (“**Power Strategy**”), a company incorporated in the BVI and beneficially owned by Mr. Tai Chin Wen. 1,000,000 shares are held by Ms. Wong Siu Yuk, the spouse of Mr. Tai Chin Wen. As such, Mr. Tai Chin Wen is deemed to be interested in the shares held by Power Strategy and Ms. Wong Siu Yuk under the SFO.

Mr. Tai Chin Wen, an executive Director, is also a director of Power Strategy, which has an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO.

- (3) Ms. Cheung So Wan is deemed to be interested in the shares held by her spouse, Mr. Tai Chin Chun, under the SFO.
- (4) Ms. Wong Siu Yuk is deemed to be interested in the shares held by her spouse, Mr. Tai Chin Wen, under the SFO.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, (i) none of the Directors or chief executive of the Company had any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to notify 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 were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange; and (ii) none of the Directors or proposed Director is a director or employee of a company which had an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS’ INTERESTS IN ASSETS, CONTRACTS AND OTHER INTERESTS

(a) Directors’ interests in contracts

As at the Latest Practicable Date, there is no contract or arrangement entered into by any member of the Enlarged Group subsisting at the date of this circular in which any Director is materially interested and which is significant to the business of the Enlarged Group.

(b) Directors' interests in assets

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Enlarged Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

(c) Competing business

As at the Latest Practicable Date, none of Directors and their respective associates were interested in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not terminable by the relevant member of the Group within one year without payment of compensation, other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, there were no litigation or claims of material importance, known to the Directors, pending or threatened against any member of the Enlarged Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of the Enlarged Group within the two years immediately preceding and including the Latest Practicable Date and were or might be material:

- (i) the agreement dated 18 July 2024 (as amended by a supplemental agreement dated 28 October 2024) and entered into among Kam Hing Piece Works Limited, Jasan Global Pte. Ltd. and Zhejiang Jasan Holding Group Co., Ltd.* in relation to the disposal of the entire equity interest in a former subsidiary of the Company at the consideration of US\$10,276,000;
- (ii) the lease agreement dated 9 September 2024 and entered into between CÔNG TY TNHH DÊT MAY THÊ HÒA (世和紡織有限公司*) as the lessor and the Purchaser as the lessee in respect of the leasing of a factory building in Vietnam for a term of 10 years at the monthly rent of US\$30,739.5 (to be adjusted upward by 5% every 36 months thereafter);
- (iii) the S&P Agreement; and
- (iv) the Supplemental Agreement.

7. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who had been engaged by the Company and who has given opinions or advice which are contained or referred to in this circular:

Name	Qualification
Prism Hong Kong Limited	Certified public accountants

The above expert has given and has not withdrawn its written consents to the issue of this circular with the inclusion of the text of its letters, reports, recommendations, opinion, and/or references to its names in the form and context in which it appears.

As at the Latest Practicable Date, the above expert did not have any interests, either direct or indirect, in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any members of the Enlarged Group since 31 December 2024, the date to which the latest published audited consolidated financial statements of the Group were made up.

As at the Latest Practicable Date, the above expert did not have any shareholding in the Company or any of its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any members of the Group.

8. MISCELLANEOUS

- (i) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.
- (ii) The head office and principal place of business of the Company is situated at 23A, TML Tower, No. 3 Hoi Shing Road, Tsuen Wan, New Territories, Hong Kong.
- (iii) The company secretary of the Company is Mr. Chang Man Kwong who is a member of the Hong Kong Institute of Certified Public Accountants.
- (iv) The Company's principal share registrar and transfer office is Conyers Trust Company (Cayman) Limited of Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's Hong Kong branch share registrar and transfer office is Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road Hong Kong.
- (v) This circular has been printed in English and Chinese; in the event of inconsistency, the English version shall prevail.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be available on (i) the website of the Company (www.kamhingintl.com); and (ii) the website of the Stock Exchange (www.hkex.com) for a period of not less than 14 days from the date of this circular:

- (i) the accountants' report of the Target Company, the text of which is set out in Appendix II to this circular;
- (ii) the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix IV to this circular;
- (iii) the material contracts referred to in the paragraph headed "6. Material Contracts" in this Appendix; and
- (iv) the written consent referred to in the paragraph headed "7. Expert's Qualification and Consent" in this Appendix.