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天虹紡織集團有限公司
TEXHONG TEXTILE GROUP LIMITED

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

DISCLOSEABLE TRANSACTION

- (1) THE S&P AGREEMENT — ACQUISITION OF THE TARGET GROUP**
- (2) THE SUBSCRIPTION AGREEMENT — DEEMED DISPOSAL OF THE EQUITY INTEREST IN TEXHONG WINNITEX**
- (3) THE JV TERM SHEET — GRANT OF PUT OPTION IN TEXHONG WINNITEX**

(1) THE S&P AGREEMENT — ACQUISITION OF THE TARGET GROUP

On 7 December 2018 (after trading hours), the Company entered into the S&P Agreement with the Vendors and the guarantors for the sale and purchase of the entire issued share capital of Winnitex Holdings and the entire equity interest of Zhejiang Qing Mao for an aggregate consideration of approximately HK\$1.35 billion. The Target Group is principally engaged in the manufacture and sale of woven textile fabrics in the PRC and Hong Kong.

(2) THE SUBSCRIPTION AGREEMENT — DEEMED DISPOSAL OF THE EQUITY INTEREST IN TEXHONG WINNITEX

On 7 December 2018 (after trading hours), Texhong Winnitex, a wholly owned subsidiary of the Company and the Subscribers entered into the Subscription Agreement, pursuant to which Texhong Winnitex has agreed to allot and issue, and the Subscribers have agreed to subscribe for the Subscription Shares at the Subscription Price. The Subscription Shares represent 20% of the total number of shares of Texhong Winnitex in issue upon Subscription Completion (as enlarged by the allotment and issue of the Subscription Shares).

Pursuant to the Subscription Agreement, the Reorganisation shall take place, upon which Texhong Winnitex shall become the holding company of the Target Group, the Vietnam Business and the Nicaragua Business.

Upon the Subscription Completion, Texhong Winnitex will cease to be a direct wholly-owned subsidiary of the Company, but will remain as a subsidiary of the Company and the financial information of Texhong Winnitex and its subsidiaries will be consolidated to the Company's consolidated financial statements.

(3) THE JV TERM SHEET — GRANT OF PUT OPTION IN TEXHONG WINNITEX

Pursuant to the JV Term Sheet, the Company granted the Put Option to the Subscribers. The Put Option is exercisable by the Subscribers in their sole discretion at any time after the occurrence of an event of default on the part of the Company or at any time after the fourth anniversary of the Subscription Completion.

(4) IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the transaction contemplated under the S&P Agreement are more than 5% but all applicable percentage ratios are below 25%, the entering into of the S&P Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Subscription constitutes a deemed disposal by the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription under Rule 14.07 of the Listing Rules are more than 5% but all applicable percentage ratios are below 25%, the Subscription by the Subscribers constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.76(1) of the Listing Rules, as the applicable percentage ratios in respect of the grant of the Put Option are more than 5% but all applicable percentage ratios below 25%, the Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

(1) THE S&P AGREEMENT — ACQUISITION OF THE TARGET GROUP

Date

7 December 2018

Parties

- (1) the Company
- (2) the Vendors
- (3) the Guarantors as guarantors of the Vendors

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Vendors, their respective ultimate beneficial owners and the Guarantors are third parties independent of the Company and the connected persons of the Company.

The Vendors are investment holding companies.

Subject matter of the S&P Agreement

Pursuant to the S&P Agreement, the Vendors shall sell and the Company shall purchase the entire issued share capital of Winnitex Holdings and the entire equity interest of Zhejiang Qing Mao.

Consideration

The aggregate consideration was approximately HK\$1.35 billion which shall be payable by the Company in the following manner:

- (1) 20.0% of the consideration (equivalent to approximately HK\$269.46 million) shall be paid to the Vendors as deposit upon signing of the S&P Agreement;
- (2) 75.0% of the consideration (equivalent to approximately HK\$1.01 billion) shall be paid to the Vendors on the Completion Date;
- (3) 5.0% of the consideration shall be withheld by the Company and paid to the Vendors after the Completion Date after deduction (if any) as disclosed in the paragraph headed “Adjustment of Consideration” below.

The consideration was determined after arm’s length negotiation between the Company and the Vendors on normal commercial terms principally with reference to the Adjusted NAV, plus an agreed premium attributable to the intangible brand value of the Target Group.

Adjustment of Consideration

Within 30 days after the signing of the S&P Agreement, the Company shall procure an independent accountant to certify the amount of the Adjusted NAV and the final confirmed amount of the Adjusted NAV (the “**Confirmed Certified NAV**”) shall be determined in accordance with the mechanism under the S&P Agreement.

In the event that the Confirmed Certified NAV is less than the Adjusted NAV, the consideration shall be reduced by an amount equivalent to the difference. The Company shall be entitled to deduct such shortfall from the 5% of the consideration withheld by the Company, and the Vendors shall pay the remaining balance within five business days after the Confirmed Certified NAV is determined if the shortfall exceeds the amount of the sum withheld by the Company.

In the event that the Confirmed Certified NAV is not less than the Adjusted NAV, the Company shall (i) release the full amount of the 5% of the consideration to the Vendors; and (ii) pay to the Vendors an aggregate amount in cash equivalent to the difference between the Confirmed Certified NAV and the Adjusted NAV within five business days after the Confirmed Certified NAV is determined.

Conditions precedent

The S&P Completion is conditional upon the following conditions being satisfied or waived:

- (a) all filing, authorisations, confirmations, clearance, permissions, necessary approvals and consents (whether from government agency and otherwise) as may be required to be obtained by the Vendors in respect of the S&P Agreement and the transactions contemplated thereunder have been obtained and not having been revoked;
- (b) all necessary filing, authorisations, confirmations, clearance, permissions, approvals and consents (whether from government agency and otherwise) as may be required to be completed/obtained in respect of the reorganisation described in paragraph (c) below having been completed/obtained and not having been revoked;
- (c) the reorganisation having been completed, which includes, amongst others, the transfer and renunciation of ownership of certain equipment held by a fellow subsidiary of Zhejiang Qing Mao to the Target Group;
- (d) the Subscription Agreement having been entered into; and
- (e) the warranties remaining true and accurate in all material respects and not misleading in any material respect as of the date of the S&P Completion by reference to the facts and circumstances subsisting as at the date of the S&P Completion.

The Company shall be entitled (but not obliged) to waive any of the conditions precedent set out above by serving a notice in writing to the Vendors.

If any of the conditions set out above has not been fulfilled (or waived by the Company in whole or in part) on or before the Long Stop Date, the S&P Agreement shall cease and terminate and the parties to the S&P Agreement shall not have any obligations and liabilities hereunder save for any antecedent breaches of the terms thereof.

S&P Completion

The S&P Completion shall take place on the fifth business day after the conditions set out in the paragraph headed “Conditions precedent” above shall have been fulfilled or (as the case may be) waived by the Company on or before the Long Stop Date, or such other date as the Company and the Vendors may agree in writing but in any event shall not be earlier than 2 January 2019.

Non-compete undertakings

Each of the Vendors and the current directors of the Target Group has covenanted with and undertaken to the Company and each member of the Target Group, as a separate and independent agreement, that it or he will not whether acting alone or with any other person:

- (a) during the S&P Restricted Period, carry on or be involved in the operation and management of; or be employed or engaged in or with any business or undertaking which is involved in the production and/or sales of textile products or use a trade name which is similar to “Winnitex”;
- (b) during the S&P Restricted Period, solicit any employees of the Target Group to terminate his or her employment with the Target Group; or
- (c) at any time after the S&P Completion, disclose to any person, any confidential or commercially sensitive information of the Target Group which may have come to his knowledge before the S&P Completion.

(2) THE SUBSCRIPTION AGREEMENT — DEEMED DISPOSAL OF THE EQUITY INTEREST IN TEXHONG WINNITEX

Date

7 December 2018

Parties

- (1) Texhong Winnitex as the issuer
- (2) the Company as the guarantor of Texhong Winnitex
- (3) Messrs. Wai Chi Kwok, Jacob and Wai Chi Wah, Nelson as the Subscribers

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, the Subscribers are third parties independent of the Company and the connected persons of the Company.

The Subscription

Pursuant to the Subscription Agreement, Texhong Winnitex has agreed to allot and issue, and the Subscribers have agreed to subscribe for Subscription Shares at the Subscription Price. The Subscription Shares represent 20% of the total number of shares Texhong Winnitex in issue upon the Subscription Completion (as enlarged by the allotment and issue of the Subscription Shares).

Pursuant to the Subscription Agreement, the Reorganisation shall take place, upon which Texhong Winnitex shall become the holding company of the Target Group, the Vietnam Business and the Nicaragua Business.

Subscription Price

The Subscription Price shall be determined based on the formula set out below:

$$\text{Subscription Price} = (A + B1 + B2) \times (1/0.8 - 1)$$

A = total consideration of the S&P Agreement

B1 = the pro forma combined net asset value of Merit Horizon as at the Subscription Completion Accounts Date

B2 = the consolidated net asset value of Texhong Americas as at the Subscription Completion Accounts Date

The Subscription Price shall be payable by the Subscribers in the following manner:

- (1) If the Reorganisation has been completed on the Subscription Completion Date, then the Subscription Price shall be payable by the Subscribers in full on the Subscription Completion Date.
- (2) If the Reorganisation has not been completed on the Subscription Completion Date, in three tranches in the following manner:

	Date of payment	Amount payable
First Tranche	Subscription Completion Date	$(A) \times (1/0.8 - 1)$
Second Tranche	Upon completion of the acquisition of the Vietnam Business by Texhong Winnitex	$(B1) \times (1/0.8 - 1)$
Third Tranche	Upon completion of the acquisition of the Nicaragua Business by Texhong Winnitex	$(B2) \times (1/0.8 - 1)$

A = total consideration of the S&P Agreement

B1 = the pro forma combined net asset value of Merit Horizon as at the Subscription Completion Accounts Date

B2 = the consolidated net asset value of Texhong Americas as at the Subscription Completion Accounts Date

The Subscription Price was determined after arm's length negotiation between the Company and the Subscribers on normal commercial terms principally with reference to the total consideration of the S&P Agreement plus the consolidated or pro forma combined net asset value of Merit Horizon and Texhong Americas.

The Subscription Price will be used by the JV Group for its capital expenditure and daily operations.

Conditions precedent

Completion of the Subscription Agreement is conditional upon:

- (a) the completion of the S&P Agreement pursuant to which Texhong Winnitex shall be organised to become the holding company of the Target Group;
- (b) the parties have entered into the JV Term Sheet; and
- (c) all representations and warranties remaining true, accurate and not misleading in all material aspects upon Subscription Completion Date.

None of the above conditions may be waived by any party to the Subscription Agreement.

If the conditions set out above are not fulfilled on or prior to the Long Stop Date, the Subscription Agreement shall terminate and neither of the parties will have any claim against the other for costs, damages, compensation or otherwise save for any antecedent breach of the Subscription Agreement.

Subscription Completion

The Subscription Completion shall take place on the date on which all conditions set out in the paragraph headed “Conditions precedent” above are fulfilled and shall take place on the same date as the S&P Completion.

The Subscription Completion is inter-conditional with the S&P Completion.

Upon the Subscription Completion, Texhong Winnitex will cease to be a direct wholly-owned subsidiary of the Company, but will remain as a subsidiary of the Company and the financial information of Texhong Winnitex and its subsidiaries will be consolidated to the Company’s consolidated financial statements.

Financial effects

As the Subscription Price was determined based on the acquisition cost of the Target Group and net asset value of the Vietnam Business and Nicaragua Business, it is expected that there shall be no material financial effects to the Group as a result of the Subscription.

(3) THE JV TERM SHEET

Date

7 December 2018

Parties

- (1) the Company
- (2) Mr. Wai Chi Kwok, Jacob
- (3) Mr. Wai Chi Wah, Nelson
- (4) Texhong Winnitex

The purpose of the JV Term Sheet is to set out in broad terms the management structure of the JV Group after the Subscription Completion, the grant of the Put Option and the Call Option.

Scope of business

The JV Group will own and manage the business of the Target Group, the Vietnam Business and the Nicaragua Business.

Board composition

The board of Texhong Winnitex shall comprise of five directors, among which the Group shall be entitled to nominate four directors and the Subscribers shall be entitled to nominate one director.

Mr. Wai Chi Kwok, Jacob shall be appointed as director and managing director of the JV Group for an initial term of four years and renewable automatically for successive terms of one year each upon expiry of the current term until terminated by not less than three months' notice in writing served by Mr. Wai Chi Kwok, Jacob to the JV Group.

Reserved matters

Matters that require unanimous decisions from the shareholders of Texhong Winnitex shall include, among others, (i) material change to the constitution documents of Texhong Winnitex; (ii) creation, allotment or issue of any shares, or securities convertible into shares, of Texhong Winnitex or the grant or issue of any options, warrants or other rights to acquire any shares or securities convertible into shares of Texhong Winnitex; (iii) reorganisation of Texhong Winnitex; and (iv) voluntary liquidation of Texhong Winnitex.

Pre-emptive rights

Each party shall have the right, but not obligation, in the event of Texhong Winnitex proposes to offers shares in Texhong Winnitex to any third party, to purchase its pro rata portion of such shares subject to customary exceptions. Any shares not subscribed for by either party may be reallocated to the other party. The price and other terms for the purchase of such shares shall be the same as Texhong Winnitex proposes in the transaction with the third party.

Restriction on transfer of shares

Save for the exercise of Put Option in the event of the occurrence of event of default by the Group, during the term of four years from the Subscription Completion Date, no transfer of shares in Texhong Winnitex is allowed.

Put Option

Each of the Subscribers may request the Company to purchase his shares in Texhong Winnitex (“**Put Option**”) at a consideration equal to the percentage of the shareholding to be sold multiplied by the Benchmarked Price I or the Benchmarked Price II, whichever is higher (the “**Option Price**”). The Put Option is exercisable by the Subscribers at any time after the occurrence of an event of default of the JV Term Sheet or the JV Agreement on the part of the Company or at any time after the fourth anniversary of the Subscription Completion.

Call Option

The Company shall have the right to request the Subscribers to sell all but not some of their shareholding in Texhong Winnitex to the Company at the Option Price (“**Call Option**”) (i) if Mr. Wai Chi Kwok, Jacob ceases to be a controlling shareholder of the nominee of the Subscribers; or (ii) at any time after the fifth anniversary of the Subscription Completion.

Binding effect

The JV Term Sheet is legally binding in nature.

The parties shall negotiate in good faith to conclude and execute definitive documentation of the agreements reflected in the JV Term Sheet no later than 30 June 2019, with each party using all reasonable efforts to complete before that date, provided that the failure to agree upon such documentation shall not void the JV Term Sheet, which shall then be implemented by each party in good faith.

INFORMATION OF THE TARGET GROUP

Winnitex Holdings is a company incorporated in the BVI with limited liability and is principally engaged in investment holdings.

Winnitex HK is incorporated in Hong Kong with limited liability and is principally engaged in sales, marketing and development of cotton based woven fabrics in Hong Kong. Winnitex HK is wholly owned by Winnitex Holdings.

Zhejiang Qing Mao is established in the PRC and is principally engaged in the manufacturing of cotton and cotton blend yarns, greige, dyed and finished woven fabrics in the PRC.

Based on the unaudited pro forma combined accounts of the Target Group and the unaudited pro forma combined profit before and after tax for the year ended 31 December 2017 was approximately HK\$259.0 million and HK\$213.0 million, respectively and the unaudited pro forma combined profit before and after tax for the year ended 31 December 2016 was approximately HK\$307.9 million and HK\$255.8 million, respectively.

The unaudited pro forma combined net asset value of the Target Group as at 31 December 2017 was approximately HK\$1.88 billion, which shall be reduced after distribution of dividends by the Target Group to the Vendors prior to the S&P Completion.

INFORMATION OF TEXHONG WINNITEX AND THE JV GROUP

Texhong Winnitex is a company incorporated in the BVI with limited liability and wholly owned by the Company.

Texhong Winnitex is set up for the purpose of the Reorganisation and will be principally engaged in investment holdings.

Based on the unaudited pro forma combined accounts of the JV Group and the unaudited pro forma combined profit before and after tax for the year ended 31 December 2017 was approximately HK\$232.4 million and HK\$186.4 million, respectively and the unaudited pro forma combined profit before and after tax for the year ended 31 December 2016 was approximately HK\$299.0 million and HK\$246.9 million, respectively.

The unaudited pro forma combined net asset value of the JV Group as at 31 December 2017 was approximately HK\$1.88 billion.

REASONS FOR AND BENEFITS OF ENTERING INTO THE S&P AGREEMENT, THE SUBSCRIPTION AGREEMENT AND THE JV TERM SHEET

The Group is principally engaged in the manufacturing and sales of yarns, grey fabrics, garment fabrics as well as garments.

The Target Group is principally engaged in the manufacturing and sale of woven textile fabrics and providing a vertically integrated service, from spinning, weaving, dyeing, to finishing for its international clients. They have an experienced management team, a broad customer base and sell directly to many of the largest international fashion and workwear brands, and are well-known for their service, quality, reliability and innovation within the textile industry. With the acquisition of the Target Group, the Board believes that the Group will be able to increase its annual production capacity in dyed woven fabric by 90 million yards. This combination will allow quality-driven flexibility to the fast-paced apparel and technical workwear businesses and will create synergy benefits for the Group by leveraging on the well-established customer base and brand reputation of the Target Group. The Group's capability to produce high quality dyed woven fabrics in the PRC, Vietnam and Nicaragua and its profitability will be significantly enhanced.

The terms of the S&P Agreement, the Subscription Agreement and the JV Term Sheet were determined after arm's length negotiations between the parties thereto and the Directors (including the independent non-executive Directors) are of the view that the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratios in respect of the transaction contemplated under the S&P Agreement are more than 5% but all applicable percentage ratios are below 25%, the entering into of the S&P Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

The Subscription constitutes a deemed disposal by the Company under Rule 14.29 of the Listing Rules. As one or more of the applicable percentage ratios for the Subscription under Rule 14.07 of the Listing Rules are more than 5% but all applicable percentage ratios are below 25%, the Subscription by the Subscribers constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.76(1) of the Listing Rules, as the applicable percentage ratios in respect of the grant of the Put Option are more than 5% but all applicable percentage ratios are below 25%, the Put Option constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms have the following meanings in this announcement:

“Adjusted NAV”	total value of all assets of the Target Group less all liabilities of the Target Group as shown on the combined pro forma financial statements of the Target Group as at 30 September 2018
“Benchmarked Price I”	annualised average pro forma combined EBITDA (excluding non-recurring items) of the JV Group for the 24 months preceding the exercise of the Put Option multiplied by 5.0, deducting all interest-bearing borrowings of the JV Group
“Benchmarked Price II”	if the pro forma combined EBITDA (excluding non-recurring items) of the JV Group for the 12 months period before the exercise of the Put Option is higher than the agreed threshold, the “Benchmarked Price II” shall equal to the pro forma combined net asset value of the JV Group as at the end of the month preceding the exercise of the Put Option deducted by the agreed premium of the acquisition of the Target Group and then multiplied by 1.26; if the pro forma combined EBITDA (excluding non-recurring items) of the JV Group for the 12 months period up before the exercise of the Put Option is lower than the agreed threshold, the “Benchmarked Price II” shall equal to the sum of (i) the pro forma combined net asset value of the Target Group as at the end of the month preceding the exercise of the Put Option deducted by the agreed premium of the acquisition of the Target Group and the net asset value of the Nicaragua Business and the Vietnam business on Subscription Completion Accounts Date and then multiplied by 1.26 and (ii) the net asset value of the Nicaragua Business and the Vietnam Business on Subscription Completion Account Date
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Call Option”	the option granted by the Subscriber to the Company as described under the paragraph headed “The JV Term Sheet”
“Company”	Texhong Textile Group Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Guarantors”	six natural persons
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Agreement”	the definitive documentation pursuant to or contemplated under the JV Term Sheet
“JV Group”	Texhong Winnitex and its subsidiaries after completion of the Reorganisation
“JV Term Sheet”	a term sheet dated 7 December 2018 and entered into between the Company, Mr. Wai Chi Kwok, Jacob, Mr. Wai Chi Wah, Nelson and Texhong Winnitex regulating the joint investment and management of Texhong Winnitex and the rights and obligations for each parties
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 June 2019 (or such other date as the relevant parties may agree in writing)
“Merit Horizon”	Merit Horizon International Limited 優景國際有限公司, a company incorporated in the BVI which is an indirect wholly owned subsidiary of the Company as at the date of this announcement and will become a wholly owned subsidiary of Texhong Winnitex after the completion of the Reorganisation
“Nicaragua Business”	weaving and dyeing operations in Nicaragua owned and controlled by Texhong Americas together with its subsidiaries
“PRC”	the People’s Republic of China
“Put Option”	the option granted by the Company to the Subscribers as described under the paragraph headed “The JV Term Sheet”
“Reorganisation”	the reorganisation of companies pursuant to which Texhong Winnitex shall become the holding company of the Target Group, the Nicaragua Business and Vietnam Business
“S&P Agreement”	a sale and purchase agreement dated 7 December 2018 and entered into between the Company as the purchaser, the Guarantors and the Vendors as vendors in relation to the sale and purchase of the entire issued share capital of Winnitex Holdings and Zhejiang Qing Mao

“S&P Completion”	completion of the S&P Agreement
“S&P Restricted Period”	the period of three (3) years from the date of S&P Completion
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscribers”	Mr. Wai Chi Kwok, Jacob and Mr. Wai Chi Wah, Nelson
“Subscription”	the subscription of the Subscription Shares by the Subscribers pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement dated 7 December 2018 and entered into between Texhong Winnitex as the issuer, the Company as guarantor and the Subscribers as the subscribers in relation to the Subscription
“Subscription Completion”	completion of the Subscription Agreement
“Subscription Completion Date”	the date on which the Subscription Completion takes place
“Subscription Completion Accounts Date”	(i) if the Reorganisation has been completed before the Subscription Completion Date; or (ii) if the Reorganisation has not been completed as at the Subscription Completion Date, the relevant Subsequent Payment Dates
“Subscription Price”	the consideration payable for the Subscription, which formula is set out in the paragraph headed “Subscription Price” in this announcement
“Subscription Shares”	new ordinary shares of US\$1.00 each in the share capital of Texhong Winnitex to be subscribed by the Subscribers representing 20% of the enlarged issued share capital of Texhong Winnitex upon Subscription Completion
“Subsequent Payment Dates”	the dates of payment of the “Second Tranche” and “Third Tranche” as set out in the table under the paragraph headed “Subscription Price” in this announcement
“Target Group”	collectively, Winnitex Holdings, Winnitex HK and Zhejiang Qing Mao
“Texhong Americas”	Texhong Winnitex Americas Limited 天虹慶業美洲有限公司, a company incorporated in the BVI which is a wholly owned subsidiary of the Company as at the date of this announcement and will become a wholly owned subsidiary of Texhong Winnitex after the completion of the Reorganisation

“Texhong Winnitex”	Texhong Winnitex Holdings Limited 天虹慶業控股有限公司, a company incorporated in the BVI which is a wholly owned subsidiary of the Company as at the date of this announcement
“Winnitex HK”	Winnitex Limited, a company incorporated in Hong Kong which is wholly owned by Winnitex Holdings
“Winnitex Holdings”	Winnitex Holdings Limited, a company incorporated in the BVI
“Vendors”	collectively (i) Winnitex Group Limited, a company incorporated in the BVI and the sole shareholder of Winnitex Holdings upon completion of the reorganisation under the S&P Agreement; and (ii) Winnitex China Holdings Limited, a company incorporated in Hong Kong and the sole shareholder of Zhejiang Qing Mao
“Vietnam Business”	weaving and dyeing operations in Vietnam owned and controlled by Merit Horizon together with its subsidiaries
“Zhejiang Qing Mao”	浙江慶茂紡織印染有限公司 (Zhejiang Qing Mao Weaving, Dyeing, Printing Co., Ltd.), a company established in the PRC which is wholly owned by Winnitex China Holdings Limited (being one of the Vendors) as at the date of this announcement
“%”	per cent.

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

Hong Kong, 10 December 2018

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

Executive Directors:

Mr. Hong Tianzhu
Mr. Zhu Yongxiang
Mr. Tang Daoping
Mr. Hui Tsz Wai
Mr. Ji Zhongliang

Independent non-executive Directors:

Prof. Cheng Longdi
Prof. Tao Xiaoming
Mr. Ting Leung Huel, Stephen