

"If you have any query about this document, you may consult issuer, issue manager, and underwriter"

PROSPECTUS



TUNG HAI KNITTING AND DYEING LIMITED

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PUBLIC ISSUE OF 35,000,000 ORDINARY SHARES OF BDT 10.00 EACH AT AN ISSUE PRICE OF BDT 10.00 EACH AT PAR AMOUNTING TO BDT 350,000,000.00

Subscription opening and closing date:

For Resident Bangladeshis: Opening Date: May 18, 2014; Closing Date: May 22, 2014
For Non-Resident Bangladeshis: Opening Date: May 18, 2014; Closing Date: May 31, 2014

Issue date of the prospectus: April 09, 2014

The issue shall be placed in 'N' category

UNDERWRITERS:

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ISSUE MANAGER	CO-ISSUE MANAGER
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"CONSENT OF THE BANGLADESH SECURITIES AND EXCHANGE COMMISSION HAS BEEN OBTAINED TO THE ISSUE/OFFER OF THESE SECURITIES UNDER THE SECURITIES AND EXCHANGE ORDINANCE, 1969, AND THE SECURITIES AND EXCHANGE COMMISSION (PUBLIC ISSUE) RULES, 2006. IT MUST BE DISTINCTLY UNDERSTOOD THAT IN GIVING THIS CONSENT THE COMMISSION DOES NOT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL SOUNDNESS OF THE ISSUER COMPANY, ANY OF ITS PROJECTS OR THE ISSUE PRICE OF ITS SECURITIES OR FOR THE CORRECTNESS OF ANY OF THE STATEMENTS MADE OR OPINION EXPRESSED WITH REGARD TO THEM. SUCH RESPONSIBILITY LIES WITH THE ISSUER, ITS DIRECTORS, CHIEF EXECUTIVE OFFICER/CHIEF FINANCIAL OFFICER, ISSUE MANAGER, UNDERWRITER AND/OR AUDITOR."

ACRONYMS

A

AFCCL	AFC Capital Limited
Allotment	Letter of allotment for shares

B

BB	Bangladesh Bank
BO A/C	Beneficiary Owner Account or Depository Account
BSEC	Bangladesh Securities and Exchange Commission

C

Commission	Bangladesh Securities and Exchange Commission
Companies Act	Companies Act, 1994 (Act. No. XVIII of 1994)
CSE	Chittagong Stock Exchange Limited

D

DSE	Dhaka Stock Exchange Limited
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F

FC Account	Foreign Currency Account
FI	Financial Institution

G

GOB	The Government of People's Republic of Bangladesh
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I

ICL	Imperial Capital Limited
IPO	Initial Public Offering
Issue	Public offer of THKDL's shares
Issuer	Tung Hai Knitting and Dyeing Limited

N

NAV	Net Asset Value of the Company
NBR	National Board of Revenue
NRB	Non Resident Bangladeshi

O

Offering Price	Price of the securities of THKDL being offered
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R

Registered Office	Registered Office of THKDL
RJSC	Registrar of Joint Stock Companies & Firms

S

SC	Share Certificate
Securities	Shares of Tung Hai Knitting and Dyeing Limited
Share Market	Market of the Securities
Sponsors	The sponsor shareholders of THKDL
STD Account	Short Term Deposit Account
Stockholders	Shareholders
Subscription	Application money

T

The Company	Tung Hai Knitting and Dyeing Limited
THKDL	Tung Hai Knitting and Dyeing Limited

AVAILABILITY OF PROSPECTUS

The Prospectus of the Company shall be available at the following addresses:

Name & Address	Contact Person	Contact No.
Company		
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Issue Manager		
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Co-Issue Manager		
Imperial Capital Limited Saiham Sky View Tower, 45 Bijoy Nagar (3 rd Floor), Dhaka-1000.	Md. Salauddin Sikder ACMA CEO & Managing Director	+88-02-9361870 E-mail: salauddin_sikder@yahoo.com
Underwriters		
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Chittagong Stock Exchange Limited (CSE) CSE Building 1080 Sk Mujib Road, Agrabad C/A, Ctg.	C S E Library	+88-02-714632-3 +88-02-720871-3

Prospectus is also available on the websites of Tung Hai Knitting and Dyeing Limited (www.tunghaikdl.com), AFC Capital Limited (www.afccapital.org), Imperial Capital Limited (www.imperialcapital.org), BSEC (www.secbd.org), DSE (www.dsebd.org), CSE (www.csebd.com) and Public Reference Room of the Bangladesh Securities and Exchange Commission (BSEC) for reading and study.

Auditor's Information

Name	Address	Contact No.
A. MATIN & CO. Chartered Accountants	Park Lane Complex, 64/4, Naya Paltan (3 rd Floor), Dhaka-1000	+88-02-8318191 E-mail: akmatinmatin@yahoo.com

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SECTION I: RISK FACTORS AND MANAGEMENT'S PERCEPTION ABOUT THE RISKS

An investment in equity involves a high degree of risk. Investors should carefully consider all the information in this **Prospectus**, including the risks and uncertainties described below, before making an investment in our equity shares. Any of the following risks as well as other risks and uncertainties discussed in this **Prospectus** could have a material adverse effect on our business, financial condition, and results of operations. In addition, the risks set out in this **Prospectus** may not be exhaustive and additional risks and uncertainties, not presently known to us, or which we currently deem immaterial, may arise or become material in the future. Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other risks mentioned herein.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

1. Some events may not be material individually but may be found material collectively.
2. Some events may have material impact qualitatively instead of quantitatively.
3. Some events may not be material at present but may be having material impact in the future.

1. **Interest Rate Risks:** THKDL is exposed to the volatility of interest rate as it has Long Term Bank Loan. Any higher trend in interest rate in the future will definitely aggravate the adversity.

Management perception: The management of THKDL has decided to liquidate the outstanding Bank Loan with the IPO proceeds to make the Gearing Ratio at a satisfactory level which will significantly reduce the financial leverage and interest burden.

2. **Exchange Rate Risks:** THKDL is engaged in global trade as it procures its raw materials from overseas markets. Therefore, fluctuations in the related foreign currency rates may affect adversely to the company's liquidity and profitability and expose a threat to the stability of the Company.

Management Perception: THKDL settles its foreign transaction through US Dollars in case of both export and import. While the value of functional currency fluctuates, the loss or gain on currency fluctuation for export automatically sets off against the loss or gain on currency fluctuation for import. As the value of export is always greater than the value of import, some balance is created in the foreign currency transaction. Furthermore, the Company is contemplating about setting a system of hedging on foreign currency transactions in the future.

3. **Industry Risks:**

- (a) **Rising of Raw Materials costs:** the cost of yarn and other chemicals are rising drastically round the year. It may hamper the profitability of the company significantly.

Management Perception: THKDL is aware of the continuing market situation of its raw materials. The management of THKDL believes that long term planning for raw material management, exploring number of global markets, job wise costing for its finished products and trustworthy relations with the suppliers and mitigate the risk of rising of materials cost.

- (b) **Labor Unrest:** At present, textile and garments sector of Bangladesh is heavily affected by labor unrest. Any incident of labor unrest would adversely affect the operation of the company. More importantly, the company's reputation in the industry and among its buyers will be affected. This may affect its financial performance in the long run as well.

Management Perception: Due to current labour crisis there may be a possibility of temporary shutdown of operation which can affect the shareholder's interest. However, Tung Hai Knitting and Dyeing Limited's Compliance & Employee Relation Department is very much conscious, communicative and capable enough to handle every situation related to regulatory compliance. Moreover, THKDL is maintaining all sort of compliances related to employee benefit such as workers profit participation fund (WPPF) to protect the interest of the workers and Employee Group insurance to compensate the workers in case of any casualties, that reduces the risk of labour unrest within the company.

4. Market Risks:

- (a) **Market demand:** The products of THKDL are sold in international markets. Any economic recession, changes in tastes and fashions of the consumers, national income and other related factors may cause to decline the market demand of the company products. Recent crises in few east European countries may decline the market demand of the company's products.

Management Perception: THKDL always gives values to its customers' satisfaction and changes in tastes and fashion. Therefore, its expert team promptly dedicates their creativity and research work to respond any changes in customers demand and product diversifications. Moreover, THKDL produces and supplies essential goods which are exported mainly to the west European countries. Over the last decade, demands for garments from Bangladesh have increased at a constant rate. However, our management always explores better opportunities in the market to sustain the growth and profitability of the company.

- (b) **Competition:** THKDL is operating in a free market economy regime. The company might have to face stiff competition from its competitors:

Management Perception: Bangladesh is the prime source of cheapest garments in the world, earning comparative advantages for its industries over their global competitors. In addition, the management of THKDL employs their efficiencies; expertise and discretions in minimize the cost of its products.

- 5. Risks steaming from technological changes:** Changes in technologies may hamper the cost efficiency of the company.

Management perception: THKDL applies the latest technology in the dyeing process in the production. The machineries and equipment of the company are also the latest invention in the sector which is imported from renowned manufacturers in the world.

- 6. Potential or existing Govt. regulations may hamper the smooth operation of the business.**

Management perception: The industries in Bangladesh are enjoying most friendly and pro-industry Govt. regulations ever.

- 7. History of non-operation, if any**

Management perception: The company has never been non-operative.

- 8. Operational risks:** there may have some risks in operating the machineries and equipment, damaging company assets and lives of its employees and workers.

Management Perception: THKDL is always committed to ensuring congenial work environment and giving priority for the safety for its human resource. The company also has insured its assets to minimize the degree of loss.

- 9. Other risk factors:**

- (a) **Increasing labor cost:** Labor cost is increasing day by day. Recently, Government fixed a minimum wage for the labor. It will definitely increase the labor cost. Increase in the labor cost will increase the product cost which may give the competitors a comparative advantage over the company.

Management Perception: One United Nation study states that labor cost in Bangladesh is the cheapest one in the world. After the shift away of Quota regime, the export volume of Bangladesh to EU and USA has changed to a higher volume. This is mainly due to the fact that Bangladesh has the cheapest labor in the world.

- (b) **Political Unrest:** Bangladesh is prone to serious unrest in the political condition which produces Hartal, Road-Block and many other barriers to the business. This could also propel the cost of the product upwards.

Management Perception: During the last forty years of post-independence period, Bangladesh has gone through a variety of political situations. But presently, a sound political atmosphere is prevailing in the country. Both the ruling and opposition parties are committed to the betterment of the country. Last democratic national assembly election and local council polls are instances of peaceful political situation in Bangladesh.

- (c) Possible slowdown in economic growth in Bangladesh. Our performance and growth are dependent on the health of the Bangladesh economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalization policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, commodity and hike commodity & energy prices and various other factors. Any significant change may adversely affect our business and financials.

Management Perception: Bangladesh economy is booming for last few years. Consistent industrial growth along with increased agricultural production has made the Per Capita Income higher than that of recent years. In addition, favorable government policies and industry friendly policies by other regulatory bodies have proved to be congenial to the economy of the country.

- (d) Natural calamities: Bangladesh is a country where recurrent natural calamities take place every year. It a serious threat to the business.

Management perception: This type of situation is totally beyond the control of human being. Though the management of THKDL has a very little to do with, we can and should have some precaution measures to minimize the damage of the business in such situations.

- (e) Risks of shifting of profit through under pricing or related party transactions: Under pricing of the product of the issuer company may cause to shift / siphon its profit to privately held company (Tung Hai Sweater Ltd.), the ultimate beneficiary of which is the Chairman and Managing Director of the issuer company. Profit may also be shifted through related party transactions.

Management perception: Being a public company, Tung Hai Knitting & Dyeing Limited (THKDL) will have separate corporate governance policies, separate management personnel and separate regulations to follow. As per the regulations, we will not have the common managing director. Therefore, the decision making processes of THKDL and that of other concerns will definitely be independent of each other.

In addition, we made a part of our sells to outside customers. But pricing policies are the same for each portion of the revenues, which reflects the competitive pricing status of the market and shows that there is no sign of under pricing in our policies and practices.

- (f) Investment risk: THKDL made an investment of Tk. 5.00 crore in the shares of GMG Airlines Limited operations of which has recently stopped. This may expose the investment to impairment and cause a loss of the whole amount.

Management perception: The Company made the investment in the shares of GMG Airlines Limited, which was accorded consent by the BSEC with justified price. We are aware of the situation prevailing in the GMG and satisfied that the investment is still secured and lucrative, because our management has come to know that the operation of GMG Airlines Limited is going to start immediately and in the near future the shares of the company will come into the capital market. GMG Airlines Limited declared a bonus dividend of 10% on its share capital for the year ended June 30, 2010 for which the company received additional 1,00,000 shares of Tk. 10.00 each making total number of shares at 11,00,000.

- (g) Environmental Risks: Due to the nature of the operation, the company produces huge quantity of industrial wastages that can definitely pollute the surrounding environment.

Management perception: THKDL has an ETP plant to purify the waste water produced from the manufacturing process. We follow the rules and guidelines of the environment directorate's policies and directives. We operate the ETP plant all around the clock under the guidelines of the regulatory policies during the running of the production process to ensure that no waste water is released to the environment.

- (h) **Dependency on Tung Hai Sweaters Limited:** THKDL depends largely on one of its group concern for selling its products. Any operational or reputational/ branding problems in the buying company may create uncertainty of the issuer company's future markets for its products.

Management perception: Bangladesh has become the prime source of garments in the world market because of the availability of quality products for lower price. Specially, demand for knit garments has increased to huge level in recent years.

In the garment industries, different jobs are done on a single product in different sector because of the nature and complexity the jobs. Therefore, of industries are inter-linked and inter-dependent on each other. THKDL sells most of its products to its group concern Tung Hai Sweaters Limited. This is a group policy for efficient and timely delivery of goods to the buyers.

- (i) **The managing director of THKDL recently died of a fire. This will expose the company to a significant risk especially in the management function, because the company will be deprived of the expertise and experience of its long time managing director.**

Management Perception: The Board of Directors appointed Nafreen Mahbub, the elder daughter of Late Mahbubur Rahman, as Managing Director of THKDL. Nafreen Mahbub, though young in age, got enough experience in the business of the nature since she spent much time in business activities and learned many things from her father. Most importantly, Nafreen Mahbub will get the same management team, the same technical experts and other employees to work with as who were earlier in the company. We believe that Nafreen Mahbub will be able to bring new ideas of the next generation to the business of THKDL.

SECTION II: STATUTORY CONDITIONS AND DISCLOSURES**DISCLOSURE IN RESPECT OF ISSUANCE OF SECURITIES IN DEMATERIALIZED FORMAT**

“As per provision of the Depository Act, 1999 and regulation made there under, shares will be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (rights/bonus) will be issued in dematerialized form only.”

CONDITIONS UNDER 2CC OF THE SECURITIES AND EXCHANGE ORDINANCE, 1969**PART - A**

1. The company shall go for Initial Public Offer (IPO) for 35,000,000 Ordinary Shares of Tk. 10.00 each at an issue price of Tk. 10.00 per share at par worth Tk. 350,000,000.00/- (Taka Thirty Five Crore only) following the Securities and Exchange Commission (Public Issue) Rules, 2006, the Depository Act, 1999 and regulations made there under.
2. The abridged version of the prospectus, as approved by the Commission, shall be published by the issuer in 4 (Four) national daily newspapers (two in Bangla and two in English), within **05 (Five) working days** of issuance of the consent letter. The issuer shall post the full prospectus, vetted by the Bangladesh Securities and Exchange Commission, in the issuer's website and shall also put on the websites of the Commission, stock exchanges, and the issue managers, within **5 (Five) working days** from the date of issuance of this letter and shall remain posted till the closure of the subscription list. The issuer shall submit to Bangladesh SEC, the stock exchanges and the issue managers a diskette containing the text of the vetted prospectus in “MS - Word” format.
3. Sufficient copies of prospectus shall be made available by the issuer so that any person requesting a copy may receive one. A notice shall be placed on the front of the application form distributed in connection with the offering, informing that interested persons are entitled to a prospectus, if they so desire, and that copies of prospectus may be obtained from the issuer and the issue managers. The subscription application shall indicate in bold type that no sale of securities shall be made, nor shall any money be taken from any person, in connection with such sale until **25 (Twenty five) days** after the prospectus has been published.
4. The company shall submit **40 (Forty)** copies of the printed prospectus to the Bangladesh Securities and Exchange Commission for official record within **5 (Five) working days** from the date of publication of the abridged version of the prospectus in the newspaper.
5. The issuer company and the issue managers shall ensure transmission of the prospectus, abridged version of the prospectus and relevant application forms for NRBs through email, simultaneously with publication of the abridged version of the prospectus, to the Bangladesh Embassies and Missions abroad and shall also ensure sending of the printed copies of abridged version of the prospectus and application forms to the said Embassies and Missions within **05 (Five) working days** of the publication date by Express Mail Service (EMS) of the postal department. A compliance report shall be submitted in this respect to the Bangladesh SEC jointly by the issuer and the Issue Managers within **02 (Two) working days** from the date of said dispatch of the prospectus and the forms.
6. The paper clipping of the published abridged version of the prospectus, as mentioned at **condition no. 2 above**, shall be submitted to the Commission within 24 hours of the publication thereof.
7. The company shall maintain separate bank account(s) for collecting proceeds of the Initial Public Offering and shall also open Foreign Currency (FC) account(s) to deposit the application money of the Non Resident Bangladeshis (NRBs) for IPO purpose, and shall incorporate full particulars of said FC account(s) in the prospectus. The company shall open the above-mentioned accounts for IPO purpose; and close these accounts after refund of over-subscription money. Non-Resident Bangladeshi (NRB) means Bangladeshi citizens staying abroad including all those who have dual citizenship (provided they have a valid Bangladeshi passport) or those, whose foreign passport bear a stamp from the concerned Bangladesh Embassy to the effect that no visa is required for traveling to Bangladesh.

8. The issuer company shall apply to all the stock exchanges in Bangladesh for listing within **7 (Seven) working days** from the date of issuance of this letter and shall simultaneously submit the vetted prospectus with all exhibits, as submitted to Bangladesh SEC, to the stock exchanges.
9. The following declaration shall be made by the company in the prospectus, namely: -

“Declaration about Listing of Shares with the stock exchange (s):

None of the stock exchange(s), if for any reason, grants listing within **75 (Seventy Five) days** from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within **15 (Fifteen) days** from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said **75 (Seventy Five) days**, as the case may be.

In case of non-refund of the subscription money within the aforesaid **15 (Fifteen) days**, the Directors of the company, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of **2% (Two Percent) per month** above the bank rate, to the subscribers concerned.

The issue managers, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within **07 (Seven) days** of expiry of the aforesaid **15 (Fifteen) days** time period allowed for refund of the subscription money.”

10. The subscription list shall be opened and the sale of securities commenced after **25 (Twenty Five) days** of the publication of the abridged version of the prospectus and shall remain open for **5 (Five) consecutive banking days**.
11. A non-resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking “Account Payee only”. The NRB applicants shall send applications to the issuer company within the closing date of the subscription so as to reach the same to the company by the closing date plus **09 (Nine) days**. Applications received by the company after the above time period will not be considered for allotment purpose.
12. The company shall apply the spot buying rate (TT clean) in US Dollar, UK Pound Sterling and Euro of Sonali Bank Ltd, which shall be mentioned in the Prospectus, as prevailed on the date of opening of the subscription for the purpose of application of the NRBs and other non-Bangladeshi persons, where applicable.
13. The company and the issue managers shall ensure prompt collection/clearance of the foreign remittances of NRBs and other non-Bangladeshi(s), if applicable, for allotment of shares.
14. Upon completion of the period of subscription for securities, the issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the preliminary status of the subscription within **5 (Five) working days**, in respect of the following matters, namely: -
 - a. Total number of securities for which subscription has been received;
 - b. Amount received from the subscription; and
 - c. Amount of commission paid to the bankers to the issue.
15. The issuer and the issue managers shall jointly provide the Commission and the stock exchanges with the list of valid and invalid applicants (i.e. final status of subscription) in electronic form in **02 (Two) CDs** and final status of subscription to the Commission within **03 (Three) weeks** after the closure of the subscription along with bank statement (original), branch-wise subscription statement. The list of valid and invalid applicants shall be finalized after examination with the CDBL in respect of BO accounts and particulars thereof.

16. The IPO shall stand cancelled and the application money shall be refunded immediately (but not later than **05 (Five) weeks** from the date of the subscription closure), if any of the following events occur:
- a. Upon closing of the subscription list it is found that the total number of valid applications (in case of under subscription including the number of the underwriter) is less than the minimum requirement as specified in the listing regulations of the stock exchange(s) concerned; or
 - b. At least 50% of the IPO is not subscribed.
17. **20% of total public offering shall be reserved for ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী, 10% of total public offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the Commission, and the remaining 60% shall be open for subscription by the general public. In case of under-subscription under any of the 20% and 10% categories mentioned above, the unsubscribed portion shall be added to the general public category and, if after such addition, there is over subscription in the general public category, the issuer and the manager to the issue shall jointly conduct an open lottery of all the applicants added together.**
18. All the applicants shall first be treated as applied for one minimum market lot of **500 shares worth Taka 5,000/- (Taka Five thousand only)**. If, on this basis, there is over subscription, then lottery shall be held amongst the applicants allocating one identification number for each application, irrespective of the application money. In case of over-subscription under any of the categories mentioned hereinabove, the issuer, and the issue managers shall jointly conduct an open lottery of all the applications received under each category separately in presence of representatives from the issuer, the stock exchanges, and the applicants, if there be any.
19. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case, an applicant submits more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
20. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.**
21. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.**
22. Lottery (if applicable) shall be held within **4 (Four) weeks** from closure of the subscription date.
23. The company shall issue share allotment letters to all successful applicants within **05 (Five) weeks** from the date of the subscription closing. Within the same time, refund to the unsuccessful applicants shall be made in the currency in which the value of securities was paid for by the applicants without any interest, through direct deposit to the applicant's bank account as far as possible/ Account Payee Cheque/ refund warrants with bank account number, bank's name and branch as indicated in the securities application forms payable at Dhaka/ Chittagong/ Khulna/ Rajshahi/ Barisal/ Sylhet/ Bogra, as the case may be subject to condition No. 19 and 21 above.

Refund money of the unsuccessful applicants shall be credited directly to their respective bank accounts, who have chosen the option in the IPO application forms, as maintained with the bankers to the issue or any other banks mentioned in the application.

A compliance report in this regard shall be submitted to the Commission within **07 (Seven) weeks** from the date of closure of subscription.

24. The company shall furnish the List of Allotees to the Commission and the stock exchange(s) simultaneously in which the shares will be listed, within **24 (Twenty Four) hours** of allotment.
25. In the event of under-subscription of the public offering, the unsubscribed portion of securities shall be taken up by the underwriter(s) (subject to Para -16 above). The issuer must notify the underwriters to take up the underwritten shares within **10 (Ten) days** of the closing of subscription on full payment of the share money within **15 (Fifteen) days** of the issuer's notice. The underwriter shall not share any underwriting fee with the issue managers, other underwriters, issuer, or the sponsor group.
26. All issued shares of the issuer at the time of according this consent shall be subject to a **lock-in period of 03 (Three) years** from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons (other than Directors and those who hold 5% or more shares in the company), who have subscribed to the shares of the company within immediately preceding two years of according consent shall be subject to a **lock-in period of 01 (One) year** from the date of issuance of prospectus or commercial operation, whichever comes later.
27. In respect of shares of Sponsors/Directors/Promoters (if in paper format) shall be handed over to security custodian bank registered with Bangladesh SEC and shall remain till completion of lock in and the name and branch of the bank shall be furnished to the Commission jointly by the issuer and Issue Managers, along with a confirmation thereof from the custodian bank, within one week of listing of the shares with the stock exchange(s). Or they (shares of Sponsors/Directors/Promoters) can be demated and will remain in lock-in under CDBL system and issuer will submit a dematerialization confirmation report generated by CDBL and attested by Managing Director of the company along with lock-in confirmation with Bangladesh SEC within one week of listing of the shares with the stock exchange(s). In respect of shares other than Sponsors/Directors/Promoters the issuer will ensure their lock-in of those shares and submit a statement to this effect to Bangladesh SEC.
28. The company shall apply to the stock exchanges for listing within **07 (Seven) working days** of issuance of this letter and shall simultaneously submit to the Commission attested copies of the application filed with the stock exchanges.
29. The Company shall not declare any benefit/dividend other than cash based on the financial statements for the year ended on 31st December 2013 before listing of its capital with stock exchange(s).

PART-B

1. The issuer and the issue managers shall ensure that the abridged version of the prospectus and the full prospectus is published correctly and in strict conformity with the conditions of this letter without any error/omission, as vetted by the Bangladesh Securities and Exchange Commission.
2. The issue managers shall carefully examine and compare the published abridged version of the prospectus on the date of publication with the copy vetted by Bangladesh SEC. If any discrepancy/ inconsistency is found, both the issuer and the issue managers shall jointly publish a corrigendum immediately in the same newspapers concerned, simultaneously endorsing copies thereof to Bangladesh SEC and the stock exchange(s) concerned, correcting the discrepancy/inconsistency as required under 'Due Diligence Certificates' provided with Bangladesh SEC.
3. Both the issuer company and the issue managers shall, immediately after publication of the prospectus and its abridged version, jointly inform the Commission in writing that the published prospectus and its abridged version are verbatim copies of the same as vetted by the Commission.
4. The fund collected through Public Offering shall not be utilized prior to listing with stock exchanges and that utilization of the said fund shall be effected through banking channel, i.e. through account payee cheque, pay order or bank drafts etc.

5. The company shall furnish status report on utilization of Public Offering proceeds, audited by foreign affiliated auditors and authenticated by the board of directors to the Commission and to the stock exchanges within **15 (Fifteen) days** of the closing of **each month** until such fund is fully utilized, as mentioned in the schedule contained in the prospectus, and in the event of any irregularity or inconsistency, the Commission may employ or engage any person, at issuer's cost, to examine whether the issuer has utilized the proceeds for the purpose disclosed in the prospectus.
6. All transactions, excluding petty cash expenses, shall be effected through the company's bank account(s).
7. Proceeds of the Public Offering shall not be used for any purpose other than those specified in the prospectus. Any deviation in this respect must have prior approval of the shareholders in the shareholders Meeting under intimation to Bangladesh SEC and stock exchanges.
8. Directors on the Company's Board will be in accordance with applicable laws, rules and regulations.
9. The financial statements should be prepared in accordance with Bangladesh Accounting Standards (BAS) and Bangladesh Financial Reporting Standards (BFRS) as required by the Securities and Exchange Rules, 1987.

PART-C

1. All the above conditions imposed under section 2CC of the Securities and Exchange Ordinance, 1969 shall be incorporated in the prospectus immediately after the page of the table of contents, with a reference in the table of contents, prior to its publication.
2. The Commission may impose further conditions/restrictions etc. from time to time as and when considered necessary which shall also be binding upon the issuer company.

PART-D

1. As per provision of the Depository Act, 1999 & regulations made there under, shares will only be issued in dematerialized condition. All transfer/transmission/splitting will take place in the Central Depository Bangladesh Ltd. (CDBL) system and any further issuance of shares (Including rights/bonus) will be made in dematerialized form only.

An applicant (including NRB) shall not be able to apply for allotment of shares without Beneficial Owners (BO) account.

2. The company and the issue managers shall ensure due compliance of all the above conditions and the Securities and Exchange Commission (Public Issue) Rules, 2006.

GENERAL INFORMATION

AFC Capital Limited (Issue Manager) and **Imperial Capital Limited** (Co-Issue Manager) have prepared this Prospectus based on the information provided by **Tung Hai Knitting and Dyeing Limited** (the Issuer) and also upon several discussions with the Chairman, Managing Director and related executives of the Company. The Directors including Managing Director of the Issuer and that of the Issue Manager collectively and individually, having made all reasonable inquiries, confirm that to the best of their knowledge and belief, the information contained herein is true and correct in all material respect and that there are no other material facts, the omission of which, would make any statement herein misleading.

The form and content of the prospectus was developed under the guidelines of the section 8 of the Securities and Exchange Commission (Public Issue) Rules, 2006.

No person is authorized to give any information or to make any representation not contained in this Prospectus and if given or made, any such information or representation must not be relied upon as having been authorized by the Company or Issue Manager.

The Issue as contemplated in this document is made in Bangladesh and is subject to the exclusive jurisdiction of the courts of Bangladesh. Forwarding this Prospectus to any person resident outside Bangladesh in no way implies that the Issue is made in accordance with the laws of that country or is subject to the jurisdiction of the laws of that country.

A copy of this Prospectus may be obtained from the Head Office of Tung Hai Knitting and Dyeing Limited, AFC Capital Limited, Imperial Capital Limited, the underwriters, and the Stock Exchanges where the securities will be traded.

SECTION III: DECLARATIONS AND DUE DILIGENCE CERTIFICATES

Declaration about the Responsibility of the Director(s), including the CEO of the Company, “Tung Hai Knitting and Dyeing Limited”, in respect of the Prospectus

This prospectus has been prepared, seen and approved by us, and we, individually and collectively, accept full responsibility for the authenticity and accuracy of the statements made, information given in the prospectus, documents, financial statements, exhibits, annexes, papers submitted to the Commission in support thereof, and confirm, after making all reasonable inquiries that all conditions concerning this public issue and prospectus have been met and that there are no other information or documents the omission of which make any information or statements therein misleading for which the Commission may take any civil, criminal or administrative action against any or all of us as it may deem fit.

We also confirm that full and fair disclosure has been made in this prospectus to enable the investors to make a well informed decision for investment.

Sd/-
Anjuman-Ara-Khanam
Chairman

Sd/-
Nafreen Mahbub
Managing Director & Director

Sd/-
Afreen Mahbub
Director

Sd/-
Mr. Md. Ehsanur Rahman
Director

Sd/-
Mrs. Nasrin Shanu
Director

Sd/-
Mizanur Rahman Mridha
Nominee Director
of Tung Hai Sweaters Limited

Consent of the Director(s) to serve as Director(s)

We hereby agree that we have been serving as Director(s) of “Tung Hai Knitting and Dyeing Limited” and confirm to continue to act as Director(s) of the Company.

Sd/-
Anjuman-Ara-Khanam
Chairman

Sd/-
Nafreen Mahbub
Managing Director & Director

Sd/-
Afreen Mahbub
Director

Sd/-
Mr. Md. Ehsanur Rahman
Director

Sd/-
Mrs. Nasrin Shanu
Director

Sd/-
Mizanur Rahman Mridha
Nominee Director
of Tung Hai Sweaters Limited

Declaration about filing of Prospectus with the Registrar of Joint Stock Companies and Firms

A vetted and signed copy of this Prospectus has been filed for registration with the Registrar of Joint Stock Companies and Firms (RJSC), Bangladesh as required by Section 138 (I) of the Companies Act, 1994 on or before the date of publication of this prospectus in the newspaper.

Declaration by the Issuer about the approval from Bangladesh Securities and Exchange Commission for any Material Changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus shall be published with the approval of the Commission.

For Issuer

Sd/-

Nafreen Mahbub

Managing Director

Tung Hai Knitting and Dyeing Limited

Declaration by the Issue Manager(s) about the approval from Bangladesh Securities and Exchange Commission for any Material Changes

In case of any material changes in any agreement, contract, instrument, facts and figures, operational circumstances and statement made in the Prospectus subsequent to the preparation of the Prospectus and prior to its publication shall be incorporated in the Prospectus and the said Prospectus shall be published with the approval of the Commission.

For Issue Manager

For Co-Issue Manager

Sd/-

Mahbub H. Mazumdar FCMA

Chief Executive

AFC Capital Limited

Sd/-

Md. Salauddin Sikder ACMA

CEO & Managing Director

Imperial Capital Limited

Due Diligence Certificate of the Manager(s) to the Issue

Sub: Public offer of 35,000,000 Ordinary Shares of BDT 10.00 each at an issue price of BDT 10.00 per share at par amounting to BDT 350,000,000.00 of Tung Hai Knitting and Dyeing Limited.

We, the under-noted Manager(s) to the Issue to the above mentioned forthcoming Issue, state as follows:

1. We, while finalizing the draft Prospectus pertaining to the said Issue, have examined various documents and other materials as relevant for adequate disclosures to the investors; and
2. On the basis of such examination and the discussions with the issuer Company, its directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company.

WE CONFIRM THAT:

- a. the draft Prospectus forwarded to the Commission is in conformity with the documents, materials and papers relevant to the Issue;
- b. all the legal requirements connected with the said Issue have been duly complied with; and
- c. the disclosures made in the draft Prospectus are true, fair and adequate to enable the investors to make a well informed decision for investment in the proposed issue.

For Issue Manager

For Co-Issue Manager

Sd/-

Mahbub H. Mazumdar FCMA
Chief Executive
AFC Capital Limited

Sd/-

Md. Salauddin Sikder ACMA
CEO & Managing Director
Imperial Capital Limited

Due Diligence Certificate of the Underwriter(s)

Sub: Public offer of 35,000,000 Ordinary Shares of BDT 10.00 each at an issue price of BDT 10.00 each at par amounting to BDT 350,000,000.00 of Tung Hai Knitting and Dyeing Limited.

We, the under-noted Underwriter(s) to the above-mentioned forthcoming Issue, state individually and collectively as follows:

1. We, while underwriting the above mentioned issue on a firm commitment basis, have examined the draft Prospectus, other documents and materials as relevant to our underwriting decision; and
2. On the basis of such examination, and the discussions with the issuer company, it's directors and officers, and other agencies, independent verification of the statements concerning objects of the issue and the contents of the documents and other materials furnished by the issuer company;

WE CONFIRM THAT:

- a. All information as are relevant to our underwriting decision have been received by us and the draft Prospectus forwarded to the Commission has been approved by us;
- b. We shall subscribe and take up the un-subscribed securities against the above-mentioned public issue within 15 (fifteen) days of calling up thereof by the issuer; and
- c. This underwriting commitment is unequivocal and irrevocable.

For Underwriter(s)

Sd/-

Chief Executive/Managing Director/CEO

AFC Capital Limited

BMSL Investment Limited

Swadesh Investment Management Limited

Eastern Bank Limited*

Alpha Capital Management Limited

*As per board resolution dated 13/07/2011 of Eastern Bank Limited, the due diligence certificate was signed by Mr. Fakhru Alam, DMD instead of MD.

SECTION IV: ISSUE SIZE AND PURPOSE OF THE PUBLIC OFFERING

CAPITAL STRUCTURE:

Particulars	Shares (No.)	Amount (Taka)
Paid-up capital before IPO	45,130,000	451,300,000
Proposed IPO (Initial Public Offering)	35,000,000	350,000,000
Total Paid-up Capital after IPO	80,130,000	801,300,000

USE OF PROCEEDS AND IMPLEMENTATION SCHEDULE:

SL	Particulars	Amount in Tk. (Million)	Expected Date for Accomplishment
1	Bank Term Loan Pay-off	160.00	Within 30days after receiving IPO fund
2	Working Capital	53.69	Within 3-4 months after receiving IPO fund
3	Capital Investment	115.50	Within 5-6 months after receiving IPO fund
4	IPO Cost	20.81	Within 30days after obtaining consent from Bangladesh Securities and Exchange Commission (BSEC)

NB. As per rule 8B4(C) of Securities and Exchange Commission (Public Issue) Rules, 2006 there is no contract covering any of the activities of the Issuer company for which the proceeds of sale of securities from IPO is to be used.

Break down of Capital Investment:

Particular	Number	Amount in USD	Amount in Taka
01. "HONGLI" BRAND COMPUTERIZED FLAT KNITTING MACHINE WITH NECESSARY STANDARAD ACCESSORIES COMPLETE SET. GAUGE: 12 GAUGE SYSTEM: SINGLE SYSTEM KNITTING WIDTH: 52" (INCH)	40 Sets @ USD 8,000 per	320,000.000	25,600,000.00
02. "HONGLI" BRAND COMPUTERIZED FLAT KNITTING MACHINE WITH NECESSARY STANDARAD ACCESSORIES COMPLETE SET. GAUGE: 7 GAUGE SYSTEM: SINGLE SYSTEM KNITTING WIDTH: 52" (INCH)	30 Sets @ USD 8,000 per	240,000.000	19,200,000.00
03. "HONGLI" BRAND COMPUTERIZED FLAT KNITTING MACHINE WITH NECESSARY STANDARAD ACCESSORIES COMPLETE SET. GAUGE: 5 GAUGE SYSTEM: SINGLE SYSTEM KNITTING WIDTH: 52" (INCH)	40 Sets @ USD 8,000 per	320,000.000	25,600,000.00
04. "MIDISLAND" BRAND COMPUTERIZED FLAT KNITTING MACHINE WITH NECESSARY STANDARAD ACCESSORIES COMPLETE SET. WITH CONVERTIBLE 7/9/10/12 GAUGE X 52" NEEDLE BED. MODLE: RZ3-52-2T GAUGE: 7/9/10/12 GAUGE (CONVERTIBLE NEEDLE BED. KNITTING WIDTH: 52" (INCH) SYSTEM: DOUBLE SYSTEM	30 Sets @ USD 16,500 per	495,000.000	39,600,000.00
Installation Charge			5,500,000.00
Total			115,500,000.00

Sd/-

Md. Abdul Halim

Finance Controller

Sd/-

Nafreen Mahbub

Managing Director

SECTION V: DESCRIPTION OF BUSINESS

Incorporation:

Tung Hai Knitting and Dyeing Limited (THKDL) was incorporated in Bangladesh as a private limited company on May 31, 2004 and has been converted in to a Public Limited Company on May 15, 2011 under the Companies Act, 1994.

Inception of commercial operation:

The Company started its commercial operation in May 13, 2005 with a dyeing capacity of 20,000 (Twenty Thousands) pound per day and knitting capacity of 12,000 (Twelve) Thousands Pieces per day.

Production facilities:

THKDL has two major sections i.e. dyeing and knitting. The factory building is constructed on its own land. Most of the machineries and equipment of the company were imported from renowned branded companies of Japan, Taiwan and Europe. The production facilities of the company are supported by state of the art technology implemented by THKDL and also by skilled man power.

Factory Location:

The factory premise of THKDL is located at Zirani, Gazipur which is an industrial zone and very near to Dhaka, the capital city of Bangladesh.

Major milestones of the company:

- 2004: Incorporated as a private limited company with the paid up capital of Tk. 5.00 (Five) Lac.
- 2005: Started commercial operation with dyeing capacity of 20,000 pound per day and knitting capacity of 12,000 pieces per day and raised paid-up capital by Tk. 92,000,000.
- 2010: Raised paid up capital by Tk. 5.00 (Five) Lac.
- 2011: Increased paid up capital from Tk. 93,000,000 to Tk. 451,300,000 and expanded its production capacity.

Nature of business:

The Company is 100% deemed exporter, mainly engaged in the business of Dyeing, Knitting and Bleaching of Yarn for use in the export of sweater and export oriented garments.

Principal products or services and the market for such product or services:

- a. **Products of THKDL:** The company has two major products:
 1. Dyed Yarn from dyeing section
 2. Sweaters knitted from knitting section
- b. **Market of the products:** THKDL sells its finished products (Sweaters) to overseas markets. Since a part of the products from dyeing section is deemed exports, it is finally sold in the local markets.

- (a) Apparel export from Bangladesh has experienced a tremendous growth up to 2008, what is revealed by the following statistics:

Year	Woven RMG		Knit RMG		Total RMG			
	Value (in million US\$)	Quantity (in million dz)	Value (in million US\$)	Quantity (in million dz)	Value (in million US\$)	Quantity (in million dz)	Year to Year Growth Rate	Requirement (in million meter)
1999-00	3081.19	66.63	1268.22	45.27	4349.41	111.90	-	2048.85
2000-01	3364.32	71.48	1495.51	52.54	4859.83	124.02	10.83	2269.53
2001-02	3124.82	77.05	1458.93	63.39	4583.75	140.44	13.24	2567.99
2002-03	3258.27	82.83	1653.82	69.18	4912.09	152.01	8.24	2779.25
2003-04	3538.07	90.48	2148.02	91.60	5686.09	182.08	19.78	3324.49
2004-05	3598.20	92.26	2819.47	120.13	6417.67	212.39	16.65	3871.00
2005-06	4083.82	108.82	3816.98	165.02	7900.80	273.84	28.93	4985.71
2006-07	4657.63	133.08	4553.6	199.54	9211.23	332.62	21.47	6056.36
2007-08	5167.28	147.43	5532.52	241.60	10699.8	389.03	16.96	7079.20
2008-09	3922.79	115.04	4270.28	193.05	8193.07	308.09	12.53	5605.44

Source: Compiled by iART from EPB database

(b) Competitor's:

- | | |
|---|-----------------------------|
| 1. Dong Bang Dyeing Limited; | 4. Mithun Knitting Limited; |
| 2. ABC Knitting Dyeing & Finishing Limited; | 5. Fiber Shine Limited; |
| 3. 4A Yarn Dyeing Limited; | 6. Shepherd Yarn Limited. |

Product or service contributing more than 10% of the company's total revenues:

Contribution by Products:

- | | |
|----------------|---------------------|
| 1. Yarn Dyeing | 74% (Approximately) |
| 2. Knitting | 26% (Approximately) |

Name of associates, subsidiary/related holding company and their core areas of business:

Tung Hai Knitting and Dyeing Limited (THKDL) has following associates, subsidiary/related holding company:

Name	Core Business	Relation
Tung Hai Sweaters Limited	Manufacturing sweaters	Related Holding Company

Distribution of the products or services

On receiving the orders from its customers, THKDL manufactures the products and supply them to the customers' destination as per their requirements. Since a part of the export of the company is deemed export, it supplies those products to the local destinations.

Competitive conditions in the business

In Bangladesh a number of firms are engaged in Knitting and Dyeing industries since Bangladesh is one of the prime sources of knit fabrics in the world. Major competitors:

1. Dong Bang Dyeing Limited;
2. ABC Knitting Dyeing & Finishing Limited;
3. 4A Yarn Dyeing Limited;
4. Mithun Knitting Limited;
5. Fiber Shine Limited;
6. Shepherd Yarn Limited.

Sources and availability of raw materials and the names of the principal suppliers

Main raw materials of the THKDL are yarn and chemicals, which the company procures from overseas market. The company has some trusted suppliers of its materials and chemicals. Below are examples:

SL	Name of Supplier	Country of Origin	Yarn/Chemicals
1.	Jin-Jiang Chemical Dyes Tuff Co. Ltd	China	Chemicals
2.	Fu Yong International Limited	Hong Kong	Chemicals
3.	Jiangsu Guo International Ltd	China	Yarn
4.	Sport king Pvt. Limited	India	Yarn

Sources of, and requirement for power, water; and gas or any other utilities

Power:

Company has both REB connections and Generators. Two diesel driven generator of 440KVA & 450 KVA capacities and REB of 550 KVA are used to avoid interruption of power supply. The Company's requirement is 450 KVA.

Water:

Presently the project requires about 20,000 liter/day of water for usual factory cleaning/washing which is raised from underground through a Deep tube well installed in the factory premises which is adequate to meet the expansion requirement.

Gas:

THKDL has the connections of Titas Gas Transmission and Distributions Co. with the capacity of 14 PSI. The requirement of the Company is 8 PSI.

Names of customers who purchase 10% or more of the company's products/services

Tung Hai Knitting and Dyeing limited sells more than 10% of its products to Tung Hai Sweaters Limited, one of sister concerns. There is no other customer to whom THKDL sells more than 10% of its products.

Description of any contract with its principal suppliers and customers

The company has not entered into any contract with any of its suppliers or customers.

Description of any material patents, trademarks, licenses or royalty agreements

The company neither obtained any Patent Right/ Trademarks nor signed any royalty agreement with any party, though the company has the following licenses necessary for business operations:

1. Trade License
2. Special Bonded Warehouse License

Number of total employees and number of total full-time employees

There was 2,373 number of permanent employee as on December 31, 2013. Each employee received remuneration in excess of Tk. 63,600 per annum.

Production or services rendering capacity and current utilization

(as per audited accounts)

Particulars	Capacity per day	Capacity Utilization	%
Dyeing Section	32,000 Lbs	26,500 Lbs	82.81%
Knitting Section	16,000 Pcs of Sweater	12,400 Pcs of Sweater	77.50%

FACTORY VISIT REPORT FROM ISSUE MANAGERS**Factory Visit Report****Of****Tung Hai Knitting and Dyeing Limited**

This is to certify that we have visited the factory of Tung Hai Knitting and Dyeing Limited on March 25, 2012 and we have found the factory as details bellow:

Factory Location: The factory is well situated at Zirani, Gazipur.

Factory premises: The area of the factory is 132 Decimals demarcated land along with 3 nos. of Buildings (one of 7 storied, one of 2 storied and another of 1 storied).

Factory Production: During visit time, the production of the factory was running. The products are: (1) Yarn Dyeing and (2) Knitting.

Factory Machineries: The machineries of the factory are running well.

Factory worker: Officers and workers are presented during the visit time and 2,296 workers are working in the factory.

Comments: The factory is in production and running smoothly.

Sd/-

Mahbub H. Mazumdar FCMA
Chief Executive
AFC Capital Limited

Sd/-

Md. Salauddin Sikder ACMA
CEO & Managing Director
Imperial Capital Limited

SECTION VI: DESCRIPTION OF PROPERTY

A. The company has following fixed assets as on 31 December, 2013:

Sl. No.	Particulars	Written down value as on 12/31/2013
1	Land & Land Development	92,400,000
2	Building	342,852,757
3	Furniture & fixture	2,117,477
4	Office Equipment	1,182,130
5	Machinery	66,617,441
6	Electric Equipment & Installation	9,968,764
7	Laboratory Equipment	1,858,783
8	Generator	827,142
9	Gas Line Installation	1,157,155
10	Tube well	254,599
11	ETP	2,841,591
12	Fan	820,062
13	Tools & Accessories	821,188
14	Exhaust Fan	327,368
15	Vehicle	936,346
Total		524,982,803

- B. The entire above mentioned asset are located at the Company's factory premises at Zirani, Gazipur in Dhaka and head office at 30/2, Darus Salam Road, Industrial Plot-2C/I-B, Mirpur-01, Dhaka-1216.
- C. All the assets of the Company are in its own name.
- D. 132 Decimals land along with 3 nos. of Buildings (one of 7 storied, one of 2 storied and another of 1 storied) are mortgaged to Southeast Bank Limited as collateral for long term loan.
- E. All the assets are in good condition and no re-conditioned or second hand plant or machinery is used by the company.
- F. No Property is taken by the company under lease agreement.
- G. Description of Land:

Description of Land.				
SL. No.	Location	Mouza	RS Khatian	Area in Decimal
1.	Kashimpur, Gazipur	Shibrampur	84	35.50
2.			17	8.00
3.			11	57.00
4.			85	31.50
Total				132.00

SECTION VII: PLAN OF OPERATION AND DISCUSSION OF FINANCIAL CONDITION

(1) Internal and external sources of cash:

Particulars	31.12.2013	31.12.2012	31.12.2011
Internal Sources of Cash			
Share capital	451,300,000	451,300,000	451,300,000
Share Money Deposit	-	-	-
Retained Earnings	200,247,277	137,602,956	85,222,487
Total	651,547,277	588,902,956	536,522,487
External Sources of Cash			
Long Term Bank Loans	131,233,977	96,511,267	141,891,935
Current portion of Long Term Loans	98,758,789	65,711,010	43,464,552
Short Term Bank Loan	497,457,899	477,411,896	747,451,641
Total	727,450,665	639,634,173	932,808,128
Grand Total	1,378,997,942	1,228,537,129	1,469,330,615

(2) Any material commitments for capital expenditure and expected sources of funds for such expenditure:

There is no material commitment for capital expenditures.

(3) Causes for any material changes from period to period in income, cost of goods sold, other operating expenses and net income: The Company's revenue and other income as well as operating expenses and net income have continued to change due to increasing business volume.

(As per Audited Accounts)

Particular	For the year ended on		
	31-Dec-13	31-Dec-12	31-Dec-11
Turnover	1,015,452,967	997,743,832	1,019,635,079
Less: Cost of Goods sold	815,128,504	798,343,097	808,882,362
Gross Profit	200,324,463	199,400,735	210,752,717
Less: Operating Expenses	24,145,047	23,313,579	21,066,678
Profit from operations	176,179,416	176,087,156	189,686,039
Less: Financial Expenses	99,092,283	95,792,827	117,092,030
Add: Other Income	411,364	513,741	264,975
Profit before Workers' Profit Participation Fund	77,498,497	80,808,070	72,858,984
Workers' Profit Participation Fund	3,690,405	3,848,003	
Net Profit before Tax	73,808,092	76,960,067	72,858,984
Provision for Taxation	11,163,771	25,186,236	13,575,826
Net Profit after Tax	62,644,321	51,773,831	59,283,158

(4) Any seasonal aspects of the company's business

Though Businesses of Sweater Industries are generally affected by the seasonal aspects as the products are consumed mostly in the winter season, Tung Hai Knitting and Dyeing Limited has been able to avoid those adversaries. THKDL supplies its products to its permanent buyers, who provide sufficient purchase orders to work throughout the year. Most of the orders get processed long before the ending of one season.

As a result, no seasonal aspects can adversely affect the business of THKDL.

(5) Any known trends, events or uncertainties that shall have a material effect on the company's future business

At present there are no known trends, events and/or uncertainties that shall have a material impact on the company's future business except for those which are naturally beyond control of human being.

(6) Any change in assets of the company used to pay off any liabilities

None of the operating assets of the company has been disposed off to liquidate any liabilities of the company.

(7) Any loan taken by the issuer from its holding/parent company or subsidiary company or loan given to aforesaid company:

The company did not take any or give to loan from its holding/parent company or subsidiary company during the last three years.

(8) Any future contractual liabilities the company might enter into within next one year, and the impact:

The company has no plan to enter into any contract creating future liabilities for the company.

(9) Future capital expenditure:

The company does not have any plan for future capital expenditure for those mentioned in the 'Use of Proceeds' from IPO fund.

(10) Any VAT, Income Tax, Customs Duty or other tax liability including any contingent liabilities:

(i) VAT: There is no VAT Liability of the Company as on 31 December, 2013;

(ii) Income Tax: Year wise income tax status of the company is depicted below:

Accounting year	Assessment Year	Assessment Status
2009	2010-2011	As per certificate given by DCT of Company Circle-112, Tax Zone-6, Dhaka dated 08/03/2011 the company's income tax case has been settled for the assessment year 2010-2011.
2010	2011-2012	As per certificate given by DCT of Company Circle-112, Tax Zone-6, Dhaka dated 15/07/2012 the company's income tax case has been settled for the assessment year 2011-2012.
2011	2012-2013	As per certificate given by DCT of Company Circle-112, Tax Zone-6, Dhaka dated 14/08/2012 the company's income tax case has been settled for the assessment year 2012-2013.
2012	2013-2014	Tax return is submitted and tax assessment is under process.
2013	2014-2015	Not yet due.

(iii) Customs Duty: There is no VAT Liability of the Company as on 31 December, 2013.

(11) Any Operating Lease the company has entered into during the last five years:

There is no lease agreement the company has entered into during the five years preceding the issuance of the prospectus.

(12) Any Financial commitment, including lease commitment, the company had entered into during the past five years:

Tung Hai Knitting and Dyeing Limited did not have any financial lease or other financial commitments with any organization during last five years except loan from South East Bank Limited.

(13) All Personnel related Schemes:

The company has established a profit participation fund for the welfare of its workers and also have group insurance.

(I4) Break down of all expenses connected with the public issue:

Description		Basis of Fees		Amount in BDT (approx.)
Issue Management Fees:				
Issue management Fee [AFCCL-Tk. 10.00 Lac & ICL-Tk. 10.00 Lac]	1% of the total amount raised or TK. 2,000,000 whichever is lower	2,000,000		
VAT against Issue Management Fees		300,000		2,300,000
Listing Related Expenses:				
Prospectus Submission Fee to DSE	At actual	5,000		
DSE & CSE Listing- Initial Fees	@ 0.25% on Tk. 100 million and 0.15% on the rest amount of paid up capital; maximum Tk. 2 million for each exchanges	2,603,900		
DSE and CSE Annual Fee	At actual	190,000		2,798,900
BSEC Fees:				
Application Fee	Fixed	10,000		
BSEC Consent Fee	fee @ 0.15% on entire offer	525,000		535,000
IPO Related Fees:				
Underwriting Commission	Commission @ 0.5% on Underwritten Amount	875,000		
Bankers to the issue fee	Commission @ 0.1% of Collected Amount	3,500,000		4,375,000
CDBL Fees and Expenses:				
Documentation fee	At actual	2,500		
Annual Fee	At actual	100,000		
Connection Fee	At actual	6,000		
IPO Fees	@ 0.0175% of issue size+0.0175% of Pre-IPO paid up capital	140,228		248,728
Printing and Post Public Offer Expenses:				
Publication of Prospectus & Application forms	Estimated	2,000,000		
Abridge Version in 4 daily news paper	Estimated	400,000		
Data Processing, Distribution, Courier, Allotments & Refunds	Estimated	6,652,275		
Lottery Conduction Expense	Lump sum	700,000		
Administrative & Stationary Expense	At actual	800,000		10,552,275
Grand Total				20,809,903

(I5) Information regarding revaluation of assets:

The company made revaluation of its land and land developments at the end of current period to reflect fair value of the property in terms of the prevailing market price of the properties. **ATA KHAN & CO**, Chartered Accountants, 67 Motijheel C/A, Dhaka-1000, have revalued the Land and Land Developments of the company as of 31 December, 2011 following the Current Cost method, showing total cost of the same as **BDT92,400,000.00**, resulting in a revaluation surplus of **BDT30,568,721.00**

Details of Revaluation of Fixed Assets:
Amount in Taka

Particulars of the assets	Name of the Valuer	Qualification of the Valuer	Date of Revaluation	Carrying amount of Assets	Value of Assets after revaluation	Revaluation Surplus
Land & Land Development	ATA KHAN & CO.	Chartered Accountants	23 February, 2011	61,831,279	92,400,000	30,568,721
Total				61,831,279	92,400,000	30,568,721

Reason for Valuation: To reflect fair value of the property in terms of the prevailing market price of the properties.

Ata Khan & Co., Chartered Accountants was founded by Mr. Ata Uddin Khan FCA in before liberation period. Mr. Khan was a former State Minister of the Government of Bangladesh. Ata Khan & Co. has also two other partners-Mr. GM Munir FCA and Mr. Maqbul Ahmed FCA. Mr. Maqbul Ahmed FCA is the partner-in-charge of Management Services Division that includes valuation services.

Work done by Ata Khan & Co.:

Following is a list of the major works done previously by Ata Khan & Co.:

1. Golden Harvest Agro Industries Ltd.	8. Libra Infusion Ltd.
2. Seafood and Fish Processing Ltd.	9. Orion Pharma Ltd.
3. Dhaka Shanghai Ceramic Ltd.	10. Westin Hotel (Unique Hotel & Resorts Ltd.)
4. Navana Real Estate Ltd.	11. Bangladesh Thai Aluminum Ltd.
5. Builtrade Color Coat Ltd.	12. Borak Real Estate Ltd.
6. International Television Channel Ltd.	13. Rupayan Housing Estate Ltd.
7. Builtrade Engineering Ltd.	14. Shamsul Alamin Real Estate Ltd.

(16) Transaction between Holding/subsidiary/associate Company and the Issuer within the last five years:

The Company in normal course of business carried out a number of transactions with other entities and Directors that fall within the definition of related party contained in Bangladesh Accounting Standard 24: Related Party Disclosures. Statement of Financial Position exposure with the related parties as under:

Name of Related Party	Nature of Transaction	31-Dec-2013	31-Dec-2012	31-Dec-2011	31-Dec-2010	31-Dec-2009
Tunghai Sweater Ltd.	Deemed Export or Accounts Receivable	261,832,396	343,954,980	215,948,766	236,410,230	29,358,219
Agrani Sweater Ltd.	Inter Company Borrowings	-	-	-	59,916,667	-
N. N. Sweater Ltd.	Inter Company Borrowings	-	-	-	50,000,000	-
Anjuman-Ara-Khanam	Remuneration	2,400,000	2,400,000	2,400,000	1,800,000	-
Mr. Md. Mahbubur Rahman	Remuneration	-	3,000,000	3,000,000	2,500,000	-
Ms. Nafreen Mahbub	Remuneration	3,000,000	-	-	-	-
Md. Ehsanur Rahman	Remuneration	1,320,000	1,320,000	1,320,000	-	-

(17) Auditors' certificate regarding any allotment of shares to the directors and subscribers to the Memorandum of Association and Articles of Association for any consideration otherwise than for cash

This is to certify that as per share register and other relevant records maintained by Tung Hai Knitting and Dyeing Limited, the company did not allot any shares for consideration other than in cash to any shareholders including its promoters and/or sponsor shareholders up to 31 December, 2013.

Dhaka
Dated: 06 March, 2014

Sd/-
A. MATIN& CO.
Chartered Accountants

(18) Declaration regarding suppression of material information

This is to declare that to the best of our knowledge and belief no information, facts, circumstances, that are material have not been suppressed that can change the terms and conditions under which the offer has been made to the public.

Sd/-
Nafreen Mahbub
Managing Director

SECTION VIII: DIRECTORS AND OFFICERS

(1) Name, age, qualification, experience and position of all Directors of the Company:

SL	Name	Age	Qualification	Experience	Position
1.	Anjuman-Ara-Khanam	44	H.S.C	21 Yrs	Chairman
2.	Nafreen Mahbub	23	Hons.	4 Yrs	Director & MD
3.	Afreen Mahbub	18	O Level	-	Director
4.	Mr. Md. Ehsanur Rahman	56	MBBS	9 Yrs	Director
5.	Mrs. Nasrin Shanu	38	B.S.S (Hons.)	2 Yrs	Director
6.	Mr. Mizanur Rahman Mridha (Nominee Director of Tung Hai Sweaters Limited)	43	M. Com MBA	18 Yrs	Director

(2) Information regarding Directors and Directorship:

SL	Name	Designation	Date of Becoming Director for the 1 st time	Date of Expiration of Current term
1	Anjuman-Ara-Khanam	Chairman	31 May, 2004	11 th AGM in 2015
2	Nafreen Mahbub	Director & MD	15 March, 2010	12 th AGM in 2016
3	Afreen Mahbub	Director	14 August, 2013	11 th AGM in 2015
4	Md. Ehsanur Rahman	Director	28 Dec, 2011	12 th AGM in 2016
5	Mrs. Nasrin Shanu	Director	28 Dec, 2011	10 th AGM in 2014
6	Mizanur Rahman Mridha	Nominee Director (Tung Hai Sweaters Limited)	28 Dec, 2011	10 th AGM in 2014

(3) Involvement of Directors in other organization

SL.	Name	Position in THKDL	Involvement	
			Name of company	Position
1	Anjuman-Ara-Khanam	Chairman	1. Tung Hai Sweaters Ltd.	1. MD
			2. N.N. sweater Limited	2. Chairman
2	Md. Ehsanur Rahman	Director	-	-
3	Nafreen Mahbub	Director & MD	Tung Hai Sweaters Ltd.	Chairman
4	Afreen Mahbub	Director	-	-
4	Mrs. Nasrin Shanu	Director	1. Athenea Developers Ltd.	1. Director
			2. Minerva CNG Station Ltd.	2. Director
			3. Shatak Developers Ltd.	3. Director
5	Mizanur Rahman Mridha	Nominee Director (Tung Hai Sweaters Limited)	-	-

(4) Any family Relationship among Directors and top five officers:

There is no family relationship among the directors and top five officers of the company except Nafreen Mahbub and Afreen Mahbub are the daughters of Anjuman-Ara-Khanam.

(5) Short bio-data of each director:

Anjuman –Ara- Khanam

Anjuman –Ara- Khanam has passed her forty three years with the dignity and her strong personality. She passed H.S.C and she is taking care of Tung Hai Knitting & Dyeing Limited as a Chairman since 2004. She is doing her job effectively which makes massive changes in Tung Hai Group.

Nafreen Mahbub

Nafreen Mahbub was born in 1990. She is the eldest among the two daughters of Anjuman –Ara- Khanam, the present chairman; and late Mahbubur Rahman, the previous managing director, of Tung Hai Knitting & Dyeing Limited (THKDL). After the unfortunate demise of her father Nafreen was appointed as managing director of THKDL. Nafreen is simultaneously now doing her BBA in a reputed private university in Dhaka.

Though still in her early age, Nafreen has accumulated a remarkable practical business experiences in her credentials. Being the eldest daughter and one of the two heirs of Mr. and Ms Mahbub, she used to regularly participate in various business activities under the direct supervision of her parents. Thus she gained a sound knowledge of the business of THKDL.

Nafreen preserves easy-going and flexible characteristics. She showed her eagerness in continuing the social benevolent activities that her father sponsored in his native village, which proves her awareness to the social responsibilities.

Afreen Mahbub

Afreen Mahbub is a newly appointed director of Tung Hai Knitting & Dyeing Limited. Born in 1995, Afreen is the 2nd daughter of Anjuman –Ara- Khanam, the present chairman; and Late Mahbubur Rahman, previous Managing Director of the company. She has completed her O' level. Though in her teen, Afreen is inherited a business culture from her family. Specially, she was greatly motivated and inspired by her father's professional insights and business activities since she was used to visiting their business offices and factories at times. After the demise of her father Afreen took over some challenges to make their business a success.

Mr. Md. Ehsanur Rahman

Mr. Md. Ehsanur Rahman is one of the directors of Tung Hai Knitting & Dyeing Limited. He did his MBBS. He left the doctor profession because he was very interested in business. After that he started his profession as a business man and maintaining it last 9 years. He joined Tung Hai Dyeing & Knitting Limited at the beginning of the company in 2004 and he is showing his significant work in those years. Company faces a lot of achievement only because of his contribution and this contribution gives motivation to the company employees.

Mrs. Nasrin Shanu

Mrs. Nasrin Shanu was born on 10th October 1975 in a renowned Muslim family in Manikgonj district. She is one of the directors of Tung Hai Knitting & Dyeing Limited. She passed B.S.S (Hons). Currently she is Director of Minerva CNG Station Limited, Athenea Developers Limited, and Shatak Developers Limited. She is doing her job effectively which makes massive changes in her involved organization.

(6) CIB Information

Neither the Company nor any of its directors and shareholders who holds 5% or more shares in the paid up capital of the issuer is loan defaulter as per the CIB report of the Bangladesh Bank.

(7) Name with position, educational qualification, date of joining in the company, last five years experience of the CEO, CFO, CS, Advisors, Consultants, Additional and Deputy MD and all Departmental Heads:

Name	Position	Educational Qualification	Date of joining	Experience	Last 5 Yrs Experience
Anjuman-Ara-Khanam	Chairman	H.S.C	31.05.2004	21 Yrs.	THKDL
Nafreen Mahbub	Managing Director	B.Com	15.03.2010	4 Yrs.	THKDL
Md. Ehsanur Rahman	Executive Director	MBBS	31.05.2004	9 Yrs.	THKDL
Mizanur Rahman Mridha	Company secretary	M.Com, MBA	01.02.2011	18 Yrs.	Corporate Counseling Ltd., Plastic Aventeg Ltd. & Rancon Motors Ltd.
Mr. Md. Abdul Halim	Finance Controller (Accounts & Finance)	M.Com	23.03.2005	19 Yrs.	THKDL
Mr. Md. Zabidur Rahman	GM (Admin)	B.Com	28.03.2005	25 Yrs.	THKDL
Mr. Abul Kalam Azad	PM (Knitting)	H.S.C	28.03.2005	11 Yrs.	THKDL
Md. Nurul Islam	Sr. GM (HR/ Admin/ Compliance)	Post Graduate	19.05.2012	30 Yrs.	Beximco Fashion Ltd. and Millennium Spinning & Knitting Factory Ltd.
Md. Nazmul Huda	GM (Production)	B.A	08.03.2007	6 Yrs.	THKDL
Md. Ebrahim	A.P.M (Finishing)	H.S.C	01.07.2012	6 Yrs.	Jaya Fashion, Palmol & Rangs Group
Md. Abu Hanif	Lab. In-charge (Dyeing)	Post Graduate	07.04.2005	8 Yrs.	THKDL
Md. Abdus Sattar	Yarn Controller (Yarn Store)	H.S.C	16.09.2000	13 Yrs.	THKDL
Md. Iqbal Hossain	In-charge (Maintenance)	S.S.C	24.01.2004	9 Yrs.	THKDL

SECTION IX: INVOLVEMENT OF DIRECTORS AND OFFICERS IN CERTAIN LEGAL PROCEEDINGS

None of the Directors or Officers of Tung Hai Knitting and Dyeing Limited was involved in any of the following types of legal proceedings in the last 10 (ten) years:

- Any bankruptcy petition filed by or against any company of which any officer or director of the issuer company filing the prospectus was a director, officer or partner at the time of the bankruptcy.
- Any conviction of director, officer in a criminal proceeding or any criminal proceeding pending against him.
- Any order, judgment or decree of any court of competent jurisdiction against any director, officer permanently or temporarily enjoining, barring, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.
- Any order of the Bangladesh Securities and Exchange Commission, or other regulatory authority or foreign financial regulatory authority, suspending or otherwise limiting the involvement of any director or officer in any type of business, securities or banking activities.

SECTION X: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The auditor has certified that following related party transactions was made in accordance with BAS-24 (Note: 3.23) which is as follows:

Sl.	Name of Related Party	Nature of Transaction	31-Dec-2013	31-Dec-2012
a)	Tunghai Sweater Ltd.	Deemed Export or Accounts Receivable	261,832,396	242,109,158
b)	Mrs. Anjuman-Ara-Khanam	Remuneration	2,400,000	2,400,000
c)	Ms. Nafreen Mahbub	Remuneration	3,000,000	3,000,000
d)	Md. Ehsanur Rahman	Remuneration	1,320,000	1,320,000

Except the above the Company neither entered into any transaction nor proposed any transaction during the last 02 (two) years between the issuer and any of the following persons:

- a. Any director or executive officer of the issuer;
- b. Any director or officer;
- c. Any person owing 5% or more of the outstanding shares of the Issuer;
- d. Any member of the immediate family (including spouse, parents, brothers, sisters, children and in-laws) of any of the above persons;
- e. Any transaction or arrangement entered into by the issuer of its subsidiary for a person who is currently a director or in any way connected with a director of either the issuer company or any of its subsidiaries/holding company or associate concerns, or who was a director or connected in any way with a director at any time during last three years prior to issuance of the Prospectus.
- f. The company did not take or give any loan from or to any Director or any person connected with any Director nor did any Director or any person connected with any Director.
- g. Any director holding any position, apart from being a director in the issuer company, in any company, society, trust, organization, or proprietorship or partnership firm is already disclosed in involvement of directors with other organizations.
- h. There were no facilities whether pecuniary or non-pecuniary enjoyed by the Directors except remunerations mentioned in executive compensation part of the prospectus.

SECTION XI: EXECUTIVE COMPENSATION

- (a) Remuneration paid to the top five salaried officers in the last accounting year and the name & designation of each:

SL	Name	Designation	Location	Remunerations paid (Tk.)
1.	Anjuman-Ara-Khanam	Chairman (Director Compliance)	Head Office	2,400,000
2.	Ms. Nafreen Mahbub	Director & Managing Director	Head Office	3,000,000
3.	Md. Ehsanur Rahman	Director & Executive Director	Factory	1,320,000
4.	Mizanur Rahman Mridha	Company Secretary	Head Office	960,000
5.	Md. Abdul Halim	Finance Controller	Head Office	840,000
6.	Md. Zabidur Rahman	GM (Admin)	Factory	660,000
7.	Abul Kalam Azad	PM (Knitting)	Factory	300,000

- (b) Aggregate amount paid to all directors and officers as a group during the last accounting year:

Remunerations paid to	January 2013 to December 2013 (Tk.)
Directors	6,720,000
Officers	7,705,267

- (c) Remuneration paid to director who was not an officer of the company during the last accounting year:

No director who was not an officer of the company is given any other facilities except the remunerations paid to them for attending board meeting.

- (d) Any contract with any director or officer providing for the payment of future compensation:

The company has not entered into any contract with any of its Directors or Officers for any future compensation packages.

- (e) Any Plan to substantially increase remunerations/salaries of Officers and Directors

The Company does not have any plan to substantially increase remuneration to Officers/Directors except usual increase in salaries & allowances in line with the performance achieved by individuals.

SECTION XII: OPTIONS GRANTED TO DIRECTORS, OFFICERS AND EMPLOYEES

The company has no options granted to Directors, Officers or any other employees of the Company or to any other person who was not involved in the Company.

SECTION XIII: TRANSACTIONS WITH THE DIRECTORS AND SUBSCRIBERS TO THE MEMORANDUM

- The Directors and subscribers to the memorandum have not received any benefits except remuneration received (note: 18) by three directors, directly or indirectly during the last five years and the Issuer also has not received from them except fund against allotment of Shares.
- Directors and subscribers to the memorandum have not transferred any asset to the company.

SECTION XIV: TANGIBLE ASSETS PER SHARE

Net Tangible Asset backing per unit of the securities being offered as at 31st December, 2013:

Particulars	Amount in Taka
Fixed Assets (A)	574,982,803
Total Current Assets (B)	935,021,648
Total Current Liabilities (C)	661,324,923
Total Non-Current Liabilities (D)	131,233,977
Deferred Tax Liability (E)	35,329,553
Net Assets (F=A+B-C-D-E)	682,115,998
Number of Shares (G)	45,130,000
Net Tangible Assets Value Per Share (H=F/G)	15.11

Net tangible asset of the securities being offered considering impairment of Investment in Shares (GMG Airlines Shares) as at 31st December, 2013:

Particulars	Amount in Taka
Fixed Assets (A)	574,982,803
Total Current Assets (B)	935,021,648
Total Current Liabilities (C)	661,324,923
Investment in Shares (GMG Airlines Shares) (D)	50,000,000
Total Non-Current Liabilities (E)	131,233,977
Deferred Tax Liability (F)	35,329,553
Net Assets considering impairment of Investment in Shares (G=A+B-C-D-E-F)	632,115,998
Number of Shares (H)	45,130,000
Net Tangible Assets Value Per Share considering impairment of Investment in Shares (I=G/H)	14.01

SECTION XV: OWNERSHIP OF THE COMPANY'S SECURITIES

(I) Ownership of the Company's securities

SL.	Name	Address	Position	Share Holdings	%
1	ANJUMAN-ARA-KHANAM	Rupayan Accacia, Flat # 4-A, Plot 20/B, Road # 11, (New) Dhanmondi R/A, Dhaka-1209	Chairman	4,188,750	9.28
2	NAFREEN MAHBUB	Rupayan Accacia, Flat # 4-A, Plot 20/B, Road # 11, (New) Dhanmondi R/A, Dhaka-1209	Director & MD	6,130,625	13.58
3	AFREEN MAHBUB	Rupayan Accacia, Flat # 4-A, Plot 20/B, Road # 11, (New) Dhanmondi R/A, Dhaka-1209	Director	4,360,625	9.66
4	MR. MD EHSANUR RAHMAN	House # 27, Road # 04, Dhanmondi R/A, Dhaka	Director	1,760,000	3.90
5	MRS. NASRIN SHANU	Minerva CNG Station Ltd. 204, Senpara, Begum Rokeya Sarani, Mirpur-10, Dhaka	Director	2,000,000	4.43
6	TUNG HAI SWEATERS LTD.	2C/1-B, Darus Salam Road, Mirpur, Dhaka	Director	5,630,000	12.48
7	ABDULLAH AL KAFEE	Minerva CNG Station Ltd. 204, Senpara, Begum Rokeya Sarani, Mirpur-10, Dhaka	Shareholder	1,000,000	2.22
8	MR. ZABIDUR RAHMAN	Safura Green" 761, Satmosjid Road, Flat # C-2 (2nd Floor), Dhanmondi R/A, Dhaka	Shareholder	50,000	0.11
9	MR.MUSTAFIZUR RAHMAN SHAMIM	Metrocem Group, Eunoos Center, Level # 12, 52-53 Dilkusha, Dhaka	Shareholder	5,000	0.01
10	ABDULLAH AL SHAFEE	Apt. A-7, Navana Baily Star, 25, Natok Sharani, New Baily Rd., Dhaka	Shareholder	200,000	0.44
11	SAIFUL ISLAM	House # 50, Road # 03, Block # B, Niketon Gulshan-I, Dhaka	Shareholder	750,000	1.66
12	MRS. MONIRA AKTER	House #50, Road # 3, Block -B Niketon Gulshan, Dhaka	Shareholder	1,750,000	3.88
13	A.K.M. SALEH UDDIN	68, East Rampura, Dewan Monjil, Dhaka-1219	Shareholder	500,000	1.11
14	MD. ABDUS SATTAR	Satarupa Sari Bitan, 17 No. Haji Nakbar Ali Market, Ctg. Rd, N.gonj	Shareholder	100,000	0.22
15	MD. AHSANUL KABIR	E. O. TMD.FCMD, Sonali Bank Ltd. HO, Dhaka	Shareholder	100,000	0.22
16	MOHAMMAD HABIB RASHID	Widespread Solutions Ltd. 23, Paribag (2nd Floor), Sonargoan Rd, Dhaka-1000	Shareholder	200,000	0.44
17	S.M. ROKIBUL ALAM	I501/AOR Nizam Road	Shareholder	210,000	0.47
18	MOSTAFA JAMAL	Sanko Optical CD (BD) Ltd. Plot No. 21 & 22, Sector # 6, CEPZ, Ctg.	Shareholder	310,000	0.69
19	SYED JAMAL AHMED	North West Securities Ltd. Jibon Bima Bhaban (3rd Floor) 56, Agrabad C/A, Ctg.	Shareholder	510,000	1.13
20	MOHAMMAD ASIF IQBAL	23, East Bangal, Jessore Cantonment, Jessore	Shareholder	50,000	0.11
21	SYED JALAL AHMED	North West Securities Ltd. Jibon Bima Bhaban (3rd Floor) 56, Agrabad C/A, Ctg.	Shareholder	510,000	1.13
22	SYED ROKON UZZAMAN	Syed Para, Nanupur, Ctg.	Shareholder	310,000	0.69
23	ABDUL AZIZ	I8/A, Rahmat gonj., K.B. Sattar Road, Ctg.	Shareholder	210,000	0.47
24	AFSARUZZAMAN	Flat # B7, 29, Vallavina, Road # 31, Nasirabad, Ctg.	Shareholder	210,000	0.47
25	ABUL MONSUR	I299, OR Nizam Road	Shareholder	310,000	0.69
26	MD. ANAYET KABIR	House # 2, Road # 4, Block-C, Sector-10, Mirpur, Dhaka	Shareholder	115,000	0.25

27	S.M. PARVEZ ALAM	3 Shadarghat Road, Dhaka	Shareholder	310,000	0.69
28	MOHAMMAD ABDUL MANNAN	North Kulgoan, Jalalabad, Baizid Bostami, Ctg.	Shareholder	110,000	0.24
29	MD. NIZAM UDDIN	Raja Meah & Sons, 1301, 1 No. Superiwala Para, Dewanhat, Ctg	Shareholder	210,000	0.47
30	BIJAN PAUL	68/1, Harbourage Dream, Saraghat	Shareholder	310,000	0.69
31	TAREQ HASAN JEWEL	Room # 6, CTG. Bar Council Bhaban, Court Hill, Ctg.	Shareholder	310,000	0.69
32	NASIR UDDIN SHOHEL	C/o. Life Care Property Ltd. 189/203, Hazi Yunus Building, CDA Avenue, Muradpur, Ctg.	Shareholder	210,000	0.47
33	MD. SAIFUL ALAM	805, West Kazi Para, Mirpur, Dhaka	Shareholder	200,000	0.44
34	SWADESH INVESTMENT MANAMGEMENT LTD.	Suite-01, Level 11 & 15, UTC, 8, Panthopath, Kawran Bazar, Dhaka	Shareholder	2,000,000	4.43
35	MD. KHALILUR RAHMAN	18/3, 4th Floor, K. M. Das Lane, Tikatuli, Sutrapur, Dhaka	Shareholder	220,000	0.49
36	MD.SOHEL RANA	B/2-22, F-502, Japan Garden City, M.pur, Dhaka-1207	Shareholder	250,000	0.55
37	MOSHIUR RAHMAN	E/17, Arambagh, Section-7, Mirpur, Dhaka-1216	Shareholder	250,000	0.55
38	MD. SHARIFUL ISLAM	6, Motijheel, Bhuiyan Mansion, Room # 12/A, Dhaka-1000	Shareholder	100,000	0.22
39	MD. SYEDUZZAMAN	House # 4/A, Flat # 5/A, Plote # 29/A, Road # 1, Dhanmondi, Dhaka	Shareholder	300,000	0.66
40	TASNEEM AFROZE	4/1, K. M. Das Lane, Tikatuli, Dhaka-1203	Shareholder	100,000	0.22
41	MOHAMMAD MAINUR RAHMAN BHUIYAN	C-1, H-371, R-10, Block-C, Bashundhara R/A, Dhaka	Shareholder	100,000	0.22
42	AFSAR UZ ZAMAN	86, Panchlaish R/A, Ctg.	Shareholder	500,000	1.11
43	MD. MOMEN UDDIN	H-50, Rd-3, Block-B, Niketon, Dhaka	Shareholder	10,000	0.02
44	MD. KHALID HOSSAIN KHAN	H-50, Rd-3, Block-B, Niketon, Dhaka	Shareholder	10,000	0.02
45	AFROZA ZAMAN	Vill+Po.: Kamargram, P.S.: Alfadauga, Faridpur	Shareholder	150,000	0.33
46	MD. SHEIKH SAADI	House # 9, Road # 5, Block-E, Banasree, Rampura, Dhaka	Shareholder	100,000	0.22
47	MD. ABDUL WAHAB	House # 30, Road # 6, Block-E, (2nd Floor), Banasree, Rampura, Dhaka	Shareholder	300,000	0.66
48	ASHRAF UL ANAM	A. R Tower (upper Gr. Fl) 528/C, Agrabad Accessed Rd. Ctg	Shareholder	50,000	0.11
49	MOHAMMED SHAHJAHAN	306, Singapore-Bangkok Market, Agrebad, Ctg.	Shareholder	100,000	0.22
50	MASUDUL ALAM	58, Madina Lane, Rayer Bazar, Dhaka	Shareholder	150,000	0.33
51	MOZAMMEL HOQUE	371/B, khilgaon Taltola, Dhaka	Shareholder	150,000	0.33
52	SHOHEL MUSTAFA BHUIYAN	316/1 Ayesha Monjil, East Nakhalpara, Tejgaon, Dhaka	Shareholder	150,000	0.33
53	EMDADUR RAHMAN	Apt. 6/A/4, House#59/D/A Darus Salam Appartment, Mirpur, Dhaka	Shareholder	50,000	0.11
54	MD. MUKTER HOSSAIN TALUKDER	House#15, Road#4, Section-10, Mirpur, Dhaka	Shareholder	10,000	0.02
55	S. M. DIDARUL ALAM	218, D.T. Road, Dewanhat, Ctg.	Shareholder	150,000	0.33
56	MOHAMMAD ZAKIR HOSSAIN	535, West Nakhalpara, Tejgaon, Dhaka-1215	Shareholder	160,000	0.35
57	SALEH MOHAMMAD	20, Green Corner, Green Road, Dhaka-1205	Shareholder	100,000	0.22
58	MRS. ASMA NAWSHER	Apt. E-3, House-34, Road-28, Dhanmondi, Dhaka-1209	Shareholder	150,000	0.33
59	MRS. UMMAY QULSUM	House#30, Road#6, Block-E, Banasree, Rampura, Dhaka	Shareholder	80,000	0.18

60	KH. RASHEDUL ISLAM	Green Tower, B-6, 15 DIT Road, Rampura, Dhaka-1219	Shareholder	300,000	0.66
61	MD. GOLAM FARUK	18, Azimpura, Ananda Bhaban, 1st Floor, Dhaka	Shareholder	10,000	0.02
62	MD. SAFIQUH ISLAM MAHMUD	10/H, Nayapalton, Dhaka	Shareholder	10,000	0.02
63	KH. ATIKUR RAHMAN	Green Tower, B-6, 15 DIT Road, Rampura, Dhaka-1219	Shareholder	10,000	0.02
64	IMTIAZ AHMED	Room#9, Bhuiyan Manson, 6, Motijheel C/A, Dhaka-1000	Shareholder	200,000	0.44
65	ARJU MAN BANU	6, Motijheel C/A (2nd Floor), Room#9, Dhaka-1000	Shareholder	10,000	0.02
66	AHMED KABIR MAJUMDER	Room#12/A (2nd Floor), Bhuiyan Manson, 6, Motijheel C/A, Dhaka-1000	Shareholder	500,000	1.11
67	MD. SHARIFUL ISLAM	B-7, 504, Manasi Lake View, Shinepukur, Mirpur-I, Dhaka	Shareholder	500,000	1.11
68	HOQ. MAHBUB MORSHED	68-69 Green Road, Concept Tower, Flat # 10/F, Kalabagan, Dhaka	Shareholder	100,000	0.22
69	HOQUE MAHTAB MORSHED	House#4, Road#3, Arakan Housing Scocity, Badurtala, ctg	Shareholder	100,000	0.22
70	NASIR AHMED	SKP Net, N/N Exp. Ltd. 127 Motijheel C/A, Dhaka-1000	Shareholder	100,000	0.22
71	NARGIS AKTER	I, Ziuda Bahar, 2nd Lane, Babu Bazar, Dhaka	Shareholder	200,000	0.44
72	EASTERN BANK LTD.	10, Dilkusha C/A, Dhaka	Shareholder	2,000,000	4.43
73	SHAMSUN NAHAR CHOWDHURY (LOPA)	YPSA, House#F-10(p), Road#13, Block-B, Chandgaen R/A, Ctg.	Shareholder	50,000	0.11
74	SHAMALY MUSTAFA	1945/A, Rahim Mansion, Hali Shahar, Sabujbagh, Ctg.	Shareholder	50,000	0.11
75	MD. RUHUL AMIN	31/3/B, Borabag, Mirpur-2, Dhaka	Shareholder	100,000	0.22
76	GARMENTS EXPORT VILLAGE LTD.	KBM Road, Tongi I/A, Gazipur	Shareholder	100,000	0.22
77	SABBIR AHMED	2A Eskaton Garden Road, Ramna Dhaka	Shareholder	100,000	0.22
78	MAHBUBUR RAHMAN	Flat#1A, House#130, Road#9A, Dhanmondi, Dhaka	Shareholder	250,000	0.55
79	SYED GOLAM KIBRIA	House#143, Fazlul Kader Road, Panchlish, Ctg.	Shareholder	250,000	0.55
80	SHAIKH MOSTAFIZUR RAHMAN	Road#12, Block-F, House#122, Niketon, Gulshan-I, Dhaka	Shareholder	300,000	0.66
81	MUNIR AHMED MORSHED	H-25, R-11, Pisciculture Housing, Kha Block, M.pur, Dhaka	Shareholder	150,000	0.33
82	HAMIDA KHATUN SIDDIQUA	Living arina, Flat#C-4, 29, North Mugda Para, Dhaka	Shareholder	50,000	0.11
83	SYED SAFIR UDDIN	House#320, Flat#A-5, Road#02, Baitul Aman Housing, M.pur, Dhaka	Shareholder	150,000	0.33
84	S. M. SAIFUR RAHMAN	8, New Baily Road, Dhaka-1217	Shareholder	50,000	0.11
85	MD. ZIA UDDIN	84, Ali Bahar, Shaympur, Dhaka	Shareholder	50,000	0.11
86	MD. ARIFUR RAHMAN	Road#308, 2nd Floor, 135/B, Sardar Colony, South Kamalapur, Dhaka	Shareholder	120,000	0.27
87	MD. AFZAL	Tanaka Tower (2nd Floor), 42/1, Gha, Segunbagicha, Dhaka	Shareholder	50,000	0.11
88	KAZI FAISAL AKBAR	280, Ulan Road, West Rampura, Dhaka	Shareholder	10,000	0.02
89	MRS. ROMANA ROUF CHOWDHURY	Rangs Lake Garden, Apt.#A-4, H#4/A, R#139, Gulshan, Dhaka	Shareholder	10,000	0.02
90	KAZI KAISAR AKBAR	280, Ulan Road, West Rampura, Dhaka	Shareholder	10,000	0.02
91	TOFAEL AHAMMED	153/2, East Raza Bazar, Sher-E-Bangla Nagar, Dhaka-1215	Shareholder	50,000	0.11
92	MOHD. AYUB	Branch Operation, The City Bank Ltd. Agrabad, Ctg.	Shareholder	100,000	0.22
93	MOHAMMAD NIZAM UDDIN	Technology Today, 87 Purana Palton, Suite-202 (2nd Floor), Dhaka	Shareholder	10,000	0.02

94	CHITTARANJAN DEB NATH	Daily Monobzamin, 40 Kawran Bazar, Dhaka-1215	Shareholder	100,000	0.22
95	MD. ABDUS SATTER BISWAS	604, Monipur, Mirpur-2, Dhaka	Shareholder	100,000	0.22
96	MRS. SELIMA KHATUN	House-355, Road#9/A, Dhanmondi, Dhaka	Shareholder	20,000	0.04
97	SAMIR RAY	Flat#2/301, Eastern Mofiz Bagh, 106 Centre Road, Dhanmondi, Dhaka	Shareholder	10,000	0.02
98	MD. ABDUL WADUD	Head of Supply Chain, Metrocem Group, Eunoos Center, 52-53 Dilkusha, Dhaka	Shareholder	30,000	0.07
Total				45,130,000	100.00

(2) List of Sponsors/Directors and/or Shareholders who hold 5% or more shares of the Company:

SL	Name	Position	No of Shares held	%
1.	ANJUMAN-ARA-KHANAM	Chairman	4,188,750	9.28
2.	NAFREEN MAHBUB	Director & MD	6,130,625	13.58
3.	AFREEN MAHBUB	Director	4,360,625	9.66
4.	MR. MD EHSANUR RAHMAN	Director	1,760,000	3.90
5.	MRS. NASRIN SHANU	Director	2,000,000	4.43
6.	MIZANUR RAHMAN MRIDHA	Nominee Director (Tung Hai Sweaters Limited)	5,630,000	12.48
Total			24,070,000	53.34

Except for those shown in the above list, no directors or shareholders individually hold 5% or more shares of the company's paid up capital.

(3) Securities owned by the officers

The following persons being the officers of the company hold shares of the company as under:

SL	Name	Position	No of Shares held	%
1.	NAFREEN MAHBUB	MD & Director	6,130,625	13.58
2.	ANJUMAN-ARA-KHANAM	Director Compliance & Chairman	4,188,750	9.28
3.	MR. MD EHSANUR RAHMAN	ED & Director	1,760,000	3.90
4.	MD. ZABIDUR RAHMAN	GM, Factory	50,000	0.11

No other employees or any officers hold any shares of the company as on December 31, 2013.

(4) Post IPO Shareholding by the Sponsors/Directors

Details		No of Shares	Amount (Tk.)
Post IPO Share Capital		80,130,000	801,300,000

SL	Name	Position	No of Shares held	%
1.	ANJUMAN-ARA-KHANAM	Chairman	4,188,750	5.23
2.	NAFREEN MAHBUB	Director & MD	6,130,625	7.65
3.	AFREEN MAHBUB	Director	4,360,625	5.44
4.	MR. MD EHSANUR RAHMAN	Director & ED	1,760,000	2.20
5.	MRS. NASRIN SHANU	Director	2,000,000	2.50
6.	MIZANUR RAHMAN MRIDHA	Nominee Director (Tung Hai Sweaters Limited)	5,630,000	7.03
Total			24,070,000	30.04

NB: Post IPO capital structure of the Sponsors/Directors complies with the requirements as imposed by the Bangladesh Securities and Exchange Commission vide Notification No. SEC/CMRRCD/2009-193/119/Admin/34, dated November 22, 2011.

SECTION XVI: DETERMINATION OF OFFERING PRICE

The issue price at Tk. 10.00 per share is justified as details below:

Particulars	Amount (in Tk.)
Method I: Net Asset Value (NAV) per share/Equity based value per share	
I: (a) (i) Price based on Net Asset Value per share (with Revaluation Reserve)	15.11
I: (a) (ii) Price based on Net Asset Value per share considering impairment of Investment in Shares (GMG Airlines Shares) (with Revaluation Reserve)	14.01
I: (b) (i) Price based on Net Asset Value per share (without Revaluation Reserve)	14.44
I: (b) (ii) Price based on Net Asset Value per share considering impairment of Investment in Shares (GMG Airlines Shares) (without Revaluation Reserve)	13.33
Method 2: Historical Earnings based value per share	
2: Earnings based Value per share based on Overall Market P/E	17.87
Method 3: Average of Net Asset Value (NAV) and Historical Earnings based value per share	
3: Average of Net Asset Value (NAV) per share/Equity based value per share and Historical Earnings based value per share	16.49

Calculation of Methodologies

Method I: Share price on Net Asset Value (NAV)/Equity based value per share

I (a) (i) Price based on Net Asset Value per share/Equity based Value (with Revaluation Reserve)		
Sl. No.	Particulars	Amount
a)	Share Capital	451,300,000
b)	Revaluation Reserve	30,568,721
c)	Retained Earnings	200,247,277
Total Shareholders' Equity		682,115,998
Number of Shares		45,130,000
Net Asset Value per share as per Audited Report as on 31 December, 2013		15.11

I (a) (ii) Price based on Net Asset Value per share/Equity based Value (with Revaluation Reserve) considering impairment of Investment in Shares (GMG Airlines Shares)		
Sl. No.	Particulars	Amount
a)	Share Capital	451,300,000
b)	Revaluation Reserve	30,568,721
c)	Retained Earnings	200,247,277
d)	Investment in Shares	50,000,000
Total Shareholders' Equity considering impairment of Investment in Shares (GMG Airlines Shares)		632,115,998
Number of Shares		45,130,000
Net Asset Value per share as per Audited Report as on 31 December, 2013 considering impairment of Investment in Shares (GMG Airlines Shares)		14.01

I (b) (i) Price based on Net Asset Value per share/Equity based Value (without Revaluation Reserve)		
Sl. No.	Particulars	Amount
a)	Share Capital	451,300,000
b)	Retained Earnings	200,247,277
Total Shareholders' Equity		651,547,277
Number of Shares		45,130,000
Net Asset Value per share as per Audited Report as on 31 December, 2013		14.44

I (b) (ii) Price based on Net Asset Value per share/Equity based Value (without Revaluation Reserve) considering impairment of Investment in Shares (GMG Airlines Shares)		
Sl. No.	Particulars	Amount
a)	Share Capital	451,300,000
b)	Retained Earnings	200,247,277
c)	Investment in Shares	50,000,000
Total Shareholders' Equity considering impairment of Investment in Shares (GMG Airlines Shares)		601,547,277
Number of Shares		45,130,000
Net Asset Value per share as per Audited Report as on 31 December, 2013 considering impairment of Investment in Shares (GMG Airlines Shares)		13.33

Method 2: Historical Earnings based value per share

Average Price Earnings of Market & Sectoral			
	Month	Sectoral	Market
	Feb-14	17.02	16.91
	Jan-14	18.60	16.74
	Dec-13	17.97	15.07
	Average	17.86	16.24
Considering Lesser P/E of 17.86 & 16.24 is 16.24			
<i>Source: DSE Monthly Review.</i>			

Year	No. of Share	Net Profit after tax	Weight of No. of Shares	Weighted Average of Net Profit after tax
2009	9,250,000	15,447,272	0.06	928,201
2010	9,300,000	29,984,260	0.06	1,811,444
2011	45,130,000	45,668,794	0.29	13,388,545
2012	45,130,000	51,773,831	0.29	15,178,336
2013	45,130,000	62,644,321	0.29	18,365,196
Total	153,940,000		1.00	49,671,721
No. of shares outstanding before IPO				45,130,000
Diluted EPS based on weighted Average of Net Profit after Tax				1.10
3 Months average P/E (Lesser of 17.86 & 16.24)				16.24
Earnings based Value per share based on overall Market P/E				17.87

Method 3: Average of Net Asset Value (NAV)/Equity based value per share and Historical Earnings based value per share

Particulars	Amount (in Tk.)
Method I: (a) (i) Net Asset Value (NAV) per share/Equity based value per share	15.11
Method 2: Historical Earnings based value per share	17.87
Average Value	16.49

Therefore, the management of the company believes that the offering price of Tk. 10.00 per share is justified.

SECTION XVII: MARKET FOR THE SECURITIES BEING OFFERED

The issuer shall apply to the following stock exchanges in Bangladesh for listing shares within 7 (seven) working days from the date of consent accorded by the Commission to issue the prospectus:

Dhaka Stock Exchange Limited (DSE)

9/F, Motijheel C/A, Dhaka-1000.

And

Chittagong Stock Exchange Limited (CSE)

CSE Building, 1080 Sheikh Mujib Road, Ctg.

SECTION XVIII: DESCRIPTION OF SECURITIES OUTSTANDING OR BEING OFFERED

(I) Dividend, voting, pre-emption rights:

The share capital of the company is divided into Ordinary Shares, carrying equal rights to vote and receive dividend in terms of the relevant provisions of the Companies Act 1994 and the Articles of Association of the company. All Shareholders shall have the usual voting right in person or by proxy in connection with, among others, election of Directors & Auditors and other usual agenda of General Meeting – Ordinary or Extra Ordinary. On a show of hand, every shareholder present in person and every duly authorized representative of a shareholder present at a General Meeting shall have one vote and on a poll every shareholder present in person or by proxy shall have one vote for every share held by him or her. In case of any additional issue of shares for raising further capital the existing shareholders shall be entitled to Issue of Right shares in terms of the guidelines issued by the BSEC from time to time.

(2) Conversion and liquidation rights:

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are freely transferable. The Company shall not charge any fee for registering transfer of shares. No transfer shall be made to a firm, an infant, or person of unsound mind.

(3) Right for Transfer:

In terms of the provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee other than Government duties for registering transfer of shares. No shares shall be transferred to an infant or a person of unsound mind.

(4) Dividend policy:

- a) The profit of the company, subject to any special right relating thereto created or authorized to be created by the Memorandum of Association and subject to the provisions of the Articles of Association, shall be divisible among the members in proportion to the capital paid-up on the shares held by them respectively.
- b) No larger dividend shall be declared than is recommended by the Directors, but the Company in its General Meeting may declare a smaller dividend. The declaration of Directors as to the amount of Net Profit of the Company shall be conclusive.
- c) No dividend shall be payable except out of profits of the Company or any other undistributed profits. Dividend shall not carry interest as against the Company.
- d) The Directors may from time to time pay the members such interim dividend as in their judgment the financial position of the Company may justify.
- e) A transfer of shares shall not pass the right to any dividend declared thereon before the registration of transfer.
- f) There is no limitation on the payment of dividends to the common stockholders of the Company.

(5) Other rights of stockholders

In terms of provisions of the Companies Act 1994, Articles of Association of the Company and other relevant rules in force, the shares of the Company are transferable. The Company shall not charge any fee, other than Government duties for registering transfer of shares. No transfer shall be made to a minor or person of unsound mind. The Directors shall present the financial statements as required under the law & International Accounting Standard. Financial statements will be prepared in accordance with the International Accounting Standards consistently applied throughout the subsequent periods and present with the objects of providing maximum disclosure as per law and International Accounting Standard to the shareholders regarding the financial and operational position of the company. The shareholders shall have the right to receive all periodical statement and reports, audited as well as unaudited, published by the company from time to time. The shareholder holding minimum of 10% shares of paid-up capital of the company shall have the right to requisition Extra-Ordinary General Meeting of the company as provided under Section 84 of the Companies Act 1994.

SECTION XIX: DEBT SECURITIES

The Company has not issued or is planning to issue any debt security within six months.

SECTION XX: FINANCIAL STATEMENTS**Independent Auditors Report****To****The Shareholders of Tung Hai knitting and Dyeing Ltd.**

*We have audited the accompanying Statement of Financial Position of **Tung Hai knitting and Dyeing Ltd.** as at 31 December 2013 and the Statement of Comprehensive Income, Statement of Cash flows, Statement of Changes in Equity for the year then ended together with relevant notes numbering 1 to 25 annexed thereto.*

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Bangladesh Financial Reporting Standards (BFRS)/ Bangladesh Accounting Standards, the companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Bangladesh Standards on Auditing (BSA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Basis of Opinion:

We have conducted audit in accordance with Bangladesh Standards on Auditing (BSA) and accordingly we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the Financial Statement prepared in accordance with Bangladesh Accounting Standards exhibits a true and fair view of the state of affairs of the company as at 31 December 2013 and the result of its operation for the year then ended and comply with Companies Act 1994, Securities and Exchange Rules 1987 and other applicable laws and Regulations.

We further report that;

- i. We have obtained all the information and explanations which were considered necessary for the purpose of our audit;*
- ii. The company maintained proper books of account so far as it appeared from our examination;*
- iii. The Financial Statements are in agreement with the books of account maintained by the company and examined by us; and*
- iv. the expenditure incurred was for the purposes of the company's business.*

Dhaka
Date: 05 March, 2014

Sd/-
A. Matin & Co.
Chartered Accountants

TUNG HAI KNITTING AND DYEING LTD.
Statement of Financial Position
As at December 31, 2013

		Amount in Taka		
	Particulars	Notes	31-Dec-2013	31-Dec-2012
A	NON-CURRENT ASSETS		574,982,803	562,658,098
	Property, Plant & Equipment	4	524,982,803	512,658,098
	Investment in Shares	5	50,000,000	50,000,000
B	CURRENT ASSETS		935,021,648	785,357,142
	Inventories	6	457,359,059	401,567,544
	Accounts Receivable	7	449,753,506	344,013,906
	Advances, Deposits & Pre-Payments	8	18,137,681	13,701,281
	Cash & Cash Equivalents	9	9,771,402	26,074,411
C	CURRENT LIABILITIES & PROVISIONS		661,324,923	599,391,156
	Accounts Payable	10	20,945,838	23,546,616
	Current portion of Long Term Loans		98,758,789	65,711,010
	Short Term Bank Loan	11	497,457,899	477,411,896
	Workers' Profit Participation Fund		7,538,408	3,848,003
	Provision for Taxation	12	21,212,160	15,236,802
	Accrued Expenses	13	15,411,829	13,636,829
D	NET CURRENT ASSETS (B-C)		273,696,725	185,965,986
E	NET ASSETS (A+D)		848,679,528	748,624,084
F	SHAREHOLDERS' EQUITY		682,115,998	619,471,677
	Share capital	14	451,300,000	451,300,000
	Revaluation Reserve		30,568,721	30,568,721
	Retained Earnings		200,247,277	137,602,956
G	LONG TERM LOANS		131,233,977	96,511,267
	Long Term Bank Loans	15	131,233,977	96,511,267
H	Deferred Tax Liability		35,329,553	32,641,140
I	LIABILITIES & SAHREHOLDERS' EQUITY (F+G+H)		848,679,528	748,624,084
J	Net Asset Value Per Share (NAVPS)		15.11	13.73

The accounting policies and explanatory notes form an integral part of the Financial Statements.

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Finance Controller

This is the Balance Sheet referred to in our report of even date annexed.

Dhaka
Dated: 05 March, 2014

Sd/-
(A MATIN& CO.)
Chartered Accountants

TUNG HAI KNITTING AND DYEING LTD.
Statement of Comprehensive Income
For the year ended December 31, 2013

			<u>Amount in Taka</u>	
Sl.	Particulars	Notes	31-Dec-2013	31-Dec-2012
A	Turnover	16	1,015,452,967	997,743,832
B	Cost of Goods Sold	17	815,128,504	798,343,097
C	Gross Profit (A-B)		200,324,463	199,400,735
D	Operating Expenses:		24,145,047	23,313,579
	Office & Administrative Expenses	18	19,149,142	18,101,522
	Selling & Distribution Expenses	19	4,995,905	5,212,057
E	Operating Profit (C-D)		176,179,416	176,087,156
F	Financial Expenses	20	99,092,283	95,792,827
G	Other Income	21	411,364	513,741
H	Profit before Workers' Profit Participation Fund (E-F+G)		77,498,497	80,808,070
I	Workers' Profit Participation Fund		3,690,405	3,848,003
J	Net Profit Before Tax (H-I)		73,808,092	76,960,067
K	Provision for Taxation:		11,163,771	25,186,236
	Current Tax		8,475,358	12,236,802
	Deferred Tax	22	2,688,413	12,949,434
L	Net Profit After Tax transferred to Statement of Changes in Equity (J-K)		62,644,321	51,773,831
M	Earning Per Share	23	1.39	1.15

The accounting policies and explanatory notes form an integral part of the Financial Statements.

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Finance Controller

This is the Balance Sheet referred to in our report of even date annexed.

Dhaka
Dated: 05 March, 2014

Sd/-
(A MATIN& CO.)
Chartered Accountants

TUNG HAI KNITTING AND DYEING LTD.
Statement of Changes in Equity
As at December 31, 2013
(Amount in Taka)

Particulars	Share Capital	Revaluation Reserve	Retained Earnings	Total
For 2013				
Balance at January 01, 2013	451,300,000	30,568,721	137,602,956	619,471,677
Net Profit for the year	-	-	62,644,321	62,644,321
Balance at December 31, 2013	451,300,000	30,568,721	200,247,277	682,115,998
For 2012				
Balance at January 02, 2012	451,300,000	30,568,721	85,222,487	567,091,208
Tax provision written back			606,638	606,638
Net Profit for the year	-	-	51,773,831	51,773,831
Balance at December 31, 2012	451,300,000	30,568,721	137,602,956	619,471,677

The accounting policies and explanatory notes form an integral part of the Financial Statements.

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Finance Controller

This is the Balance Sheet referred to in our report of even date annexed.

Dhaka
Dated: 05 March, 2014

Sd/-
(A MATIN& CO.)
Chartered Accountants

TUNG HAI KNITTING AND DYEING LTD.
Statement of Cash Flows
For the year ended December 31, 2013

Particulars	Amount in Taka	
	31-Dec-2013	31-Dec-2012
A. CASH FLOWS FROM OPERATING ACTIVITIES:	35,522,205	27,207,005
Collection from Turnover & Other Income	910,124,731	871,327,371
Payment to Creditors, Suppliers, employees & Others	(872,102,526)	(839,007,116)
Cash Generated from Operation	38,022,205	32,320,255
Income Tax	(2,500,000)	(5,113,250)
B. CASH FLOWS FROM INVESTING ACTIVITIES:	(40,549,423)	(3,335,621)
Acquisition of Fixed Assets	(40,549,423)	(3,335,621)
C. CASH FLOWS FROM FINANCING ACTIVITIES:	(11,275,791)	(154,966)
Financial Expenses	(99,092,283)	(95,792,827)
Increase/(Decrease) in Short Term Bank Loan	20,046,003	118,772,071
Increase/(Decrease) in Long Term Bank Loan	67,770,489	(23,134,210)
D. Net Increase/(Decrease) in cash & cash equivalents (A+B+C)	(16,303,009)	23,716,418
E. Cash & cash equivalents at the beginning of the year	26,074,411	2,357,993
F. Cash & cash equivalents at the end of the year (D+E)	9,771,402	26,074,411

The accounting policies and explanatory notes form an integral part of the Financial Statements.

Sd/-
Chairman

Sd/-
Managing Director

Sd/-
Finance Controller

This is the Balance Sheet referred to in our report of even date annexed.

Dhaka
Dated: 05 March, 2014

Sd/-
(A MATIN& CO.)
Chartered Accountants

TUNG HAI KNITTING AND DYEING LTD.
Accounting Policies and Explanatory Notes
For the year ended December 31, 2013

1.00 Corporate History of the Reporting Entity

Tung Hai Knitting and Dyeing Ltd. (The Company) was incorporated in Bangladesh as a Private Limited Company under The Companies Act, 1994 vide Registration No. C-5295(3246)/2004 dated 31 May, 2004. The company was converted into a public limited company vide EGM dated May 15, 2011.

The registered office of the company is located at 2C/1-B, Darus Salam Road, Mirpur, Dhaka-1216 and the factory is located at BKSP, Shibrapur, Gazipur.

2.00 Corporate Business

TungHai Knitting & Dyeing Ltd. is a 100% export oriented composite sweater industries to carry out business of dyeing of yarn, knitting of various types of sweaters.

3.00 Basis of preparation and significant accounting policies

3.01 Basis of Measurement of Elements of Financial Position

The financial statements have been prepared on the Historical Cost convention and therefore, do not take into consideration the effect of inflation except that arising from revaluation of lands and land developments. The accounting policies, unless otherwise stated, have been consistently applied by the Company and are consistent with that of the previous year.

3.02 Statement on Compliance with Local Laws

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1994, Securities and Exchange Rules, 1987 and other relevant local laws as applicable.

3.03 Statement on Compliance of Bangladesh Accounting Standards

The financial statements have been prepared in accordance with the applicable Bangladesh Accounting Standard (BASs) and Bangladesh Financial Reporting Standard (BFRSs) adopted by the Institute of Chartered Accountants of Bangladesh (ICAB) based on International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs).

The following Standards are applied to the financial statements for the year under review:

Name of the accounting standards	Ref. No.	Status of Application
Presentation of Financial Statements	BAS – 1	Applied
Inventories	BAS – 2	Applied
Cash Flow Statements	BAS – 7	Applied
Events after the Balance Sheet date	BAS – 10	Applied
Income Taxes	BAS – 12	Applied
Property, Plant and Equipment	BAS – 16	Applied
Revenue	BAS – 18	Applied
Employee Benefit	BAS – 19	Applied
The Effects of Changes in Foreign Exchange Rates	BAS – 21	Applied
Borrowing Costs	BAS – 23	Applied
Related Party Disclosures	BAS – 24	Applied
Accounting for Investment	BAS – 25	Applied
Earnings Per Share	BAS – 33	Applied
Impairment of Assets	BAS – 36	Applied
Provisions, Contingent Liabilities and Contingent Assets	BAS – 37	Applied
First Time Adoption of International Financial Reporting Standards	BFRS – I	Applied

3.04 Going Concern

As per BAS-I, a company is required to make assessment at the end of each year to assess its capability to continue as going concern. Management of the company makes such assessment each year. The company has adequate resources to continue in operation for the foreseeable future and has wide coverage of its liabilities. For this reason, the Directors continue to adopt the going concern assumption while preparing the financial statements.

3.05 Accrual Basis

The financial statements have been prepared, except cash flow information, using the accrual basis of accounting.

3.06 Structure, Content and Presentation of Financial Position

Being the general purpose financial statements, the presentation of these financial statements is in accordance with the guidelines provided by BAS 1: "Presentation of Financial Statements". The complete set of financial statements comprises:

- i) Statement of Financial Position as at December 31, 2013.
- ii) Statement of Comprehensive Income for the year ended December 31, 2013.
- iii) Statement of Changes in Equity for the year ended December 31, 2013.
- iv) Statement of Cash Flows for the year ended December 31, 2013.
- v) Notes comprising a summary of significant accounting policies and other explanatory information to the financial Statements for the year ended December 31, 2013

3.07 Reporting Period

The period of the financial statements covers from January 01 to December 31 consistently.

3.08 Inventories

Inventories comprises of Raw materials, Work-in-Process, Finished goods and Stores & Spares. Raw materials and Stores and Spares have been valued at average cost. Work-in-Process has been valued at prime cost basis as required by IAS-2 with proportionate addition of Factory Overheads. Finished goods have been valued at cost of material and other production overhead attributable to bringing the goods to the stage of sale under the convention of BAS-2.

3.09 Revenue

Revenue represents the invoice value of goods supplied to customers through L/Cs during the period. Revenue from sale of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Sales are recognized when delivery certificate is raised against confirmed L/Cs.

3.10 Property, Plant and Equipment**Initial Recognition and measurement**

Property, plant and equipment are capitalized at cost of acquisition and subsequently stated at cost or valuation less accumulated depreciation in compliance with the requirements of BAS 16: Property, Plant and Equipment. The cost of acquisition of an asset comprises its purchase price and any directly attributable cost of bringing the assets to its working condition for its intended use inclusive of inward freight, duties, non-refundable taxes and un-allocated expenditures etc. The land and land developments with an effect as on December 31, 2010 have been revalued by an independent valuer to reflect fair value (prevailing market price) thereof following "Current Cost Method".

Subsequent Costs

The cost of replacing part of an item of property, plant and equipments is recognized in the carrying amount of an item if it is probable that the future economic benefits embodied within the part will flow to the company and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognized in the statement of comprehensive income as "Repair & Maintenance" when it is incurred.

Depreciation on Fixed Assets

Depreciation is provided to amortize the cost or valuation of the assets after commissioning, over the period of their expected useful lives, in accordance with the provisions of BAS 16: Property, Plant and Equipment. Full year depreciation is charged in the year of acquisition regardless of the date of purchase. No depreciation is charged in the year of disposal regardless of the date of disposal. Depreciation of an asset begins when it is available for use. Depreciation is charged on all fixed assets except land and land developments on reducing balance method. Rates of depreciation is noted below:

Particulars	31-Dec-2013	31-Dec-2012
Land & Land Development	-	-
Building	5%	5%
Furniture & fixture	10%	10%
Office Equipment	10%	10%
Machinery	10%	10%
Electric Equipment & Installation	10%	10%
Laboratory Equipment	10%	10%
Generator	15%	15%
Gas Line Installation	8%	8%
Tube well	10%	10%
ETP	10%	10%
Fan	10%	10%
Tools & Accessories	15%	15%
Vehicle	20%	20%

The gain or loss on disposal or retirement of assets is included statement of comprehensive income when the item is disposed off/derecognized.

The fair value of the property, plant and equipment on 31.12.2013 is not materially differing with the carrying amount.

3.II Revaluation Reserve

In 2010, land under the ownership of the company was professionally revalued by ATA KHAN & Co, Chartered Accountants. Fair market value was estimated at Tk. 92,400,000 as against net book value of Tk. 61,831,279 resulting in a revaluation surplus of Taka 30,568,721 which was accounted for and transferred to revaluation reserve.

3.I2 Cash and Cash Equivalent and Statement of Cash Flows

Cash and cash equivalents comprise cash in-hand and in current account that are readily convertible to a known amount of cash, and that are not subject to significant risk of change in value.

The Statement of Cash Flows is prepared using the Direct Method as stipulated in Bangladesh Accounting Standards (BAS)-7: "Statement of Cash Flows"

3.I3 Earnings Per Share

The company calculates Earnings Per Share (EPS) in accordance with the requirement of BAS – 33: "Earning Per Share", which has been shown on the face of the Statement of Comprehensive Income and the computation, is shown in "Note - 23".

Basic earnings

This represents earnings for the period ended December 31, 2013 attributable to the ordinary shareholders.

Basic earning per share

This has been calculated by dividing the basic earning by the number of ordinary shares outstanding for the period.

3.14 Foreign Currency Transactions

Foreign currency transactions are recorded, on initial recognition in the functional currency at the spot exchange rate ruling at the transaction date.

At the end of each reporting period, in compliance with the provision of BAS 21: The Effects of Changes in Foreign Exchange Rates, are determined as under :

- i) Foreign currency monetary items are translated using the closing rate.
- ii) Non-monetary items that are measured in terms of historical costs in a foreign currency are translated using the exchange rate at the date of the transaction.
- iii) Non-monetary items that are measured at fair value in a foreign currency is translated using the exchange rate at the date when the fair value is determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rate different from those at which they were translated on initial recognition during the period or in previous financial statements is recognized in profit or loss in the period in which they arise.

3.15 Impairment of Assets

All assets, except inventories and financial assets are assessed at the end of each reporting period to determine whether there is any indication that an assets may be impaired. If any such indication exists the company assesses the recoverable amount. If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the assets is reduced to its recoverable amount. The reduction is an impairment loss.

An impairment loss is recognized immediately in profit or loss, unless the asset is carried at revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease. No such assets have been impaired during the period under audit and for this reason no provision has been made for impairment of assets.

3.16 Borrowing Cost

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of fund and are recognized as an expense in the period in which it incurs.

3.17 Functional and Presentational (Reporting) Currency

The financial statements are prepared and presented in Bangladesh Currency (Taka), Which is the companys' functional currency. All financial information presented have been rounded off to the nearest Taka except where indicated otherwise.

Figures in brackets indicated deductions.

3.18 Provisions

In accordance with the guidelines as prescribed by IAS-37: Provisions, Contingent Liabilities and Contingent Assets, provisions are recognized in the following situations:

- a. when the company has an obligation (legal or constructive) as a result of past events;
- b. when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- c. reliable estimates can be made of the amount of the obligation.

3.19 Accruals & Deferrals

Accruals and Deferrals have been made as per the guidance in BAS I Presentation of Financial Statements. In order to meet their objectives, Financial Statements, except for cash flow statement and related information, are prepared on accrual basis of accounting. Under the basis, the effects of transactions and other events are recognized when they occur (and not when cash or its equivalent is received or paid) and they are recorded in the accounting records and reported in the Financial Statements of the year to which they relate.

3.20 Advances, Deposits and Prepayments

Advances are initially measured at cost. After initial recognition advances are carried at cost less deductions or adjustments. Deposits are measured at payment value. Prepayments are initially measured at cost. After initial recognition prepayments are carried at cost less charges to the statement of comprehensive income.

3.21 Financial Instruments

Non-derivative financial instruments comprise accounts and other receivables, cash and cash equivalents, borrowings and other payables and are shown at transaction cost.

Initial recognition

An entity recognizes a financial assets or liabilities in its statement of financial position when, and only when, the entity becomes a party to the contractual provision of the instrument and subsequently recognized at their Amortized Cost.

Bills receivable are recognized at invoice value or net realizable value from the ordinary course of sales in the market whichever is lower. Bills receivables from foreign currency transactions are recognized into Bangladeshi Taka using exchange rates prevailing on the closing date of the accounts in accordance with BAS-21: The Effects of Changes in Foreign Exchange Rates.

3.22 Segment Reporting

As the Company operates in a single industry segment, so no segment reporting is applicable for the Company as per BAS 14: "Segment reporting".

3.23 Related Party Disclosures

The Company in normal course of business carried out a number of transactions with other entities and Directors that fall within the definition of related party contained in Bangladesh Accounting Standard 24: Related Party Disclosures. Statement of Financial Position exposure with the related parties as on December 31, 2013 was as under:

	<u>Name of Related Party</u>	<u>Nature of Transaction</u>	<u>31-Dec-2013</u>	<u>31-Dec-2012</u>
a)	Tunghai Sweater Ltd.	Deemed Export or Accounts Receivable	261,832,396	242,109,158
b)	Mrs. Anjuman-Ara-Khanam	Remuneration	2,400,000	2,400,000
c)	Ms. Nafreen Mahbub	Remuneration	3,000,000	3,000,000
d)	Md. Ehsanur Rahman	Remuneration	1,320,000	1,320,000

3.24 Income Tax

Current Tax

A provision for Taxation @ 15% on net profit has been made during the year under audit.

Deferred Tax

Deferred Tax has been recognised in the accounts in accordance with the requirement of BAS-12 "Income Taxes".

3.25 Contingent Assets and Liabilities

A contingent asset is disclosed when it is a possible that asset arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent liability is disclosed when it is a possible obligation that arises from the past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

A contingent assets is disclosed as per BAS 37, where an inflow of or economic benefits is probable. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

3.26 Events after the reporting period

In compliance with the requirements of BAS 10: Events After the Reporting Period, post statement of financial position events that provide additional information about the company's position at the reporting date are reflected in the financial statements and events after the reporting date that are not adjusting events are disclosed in the notes when material.

3.27 Comparative Information and Rearrangement Thereof

In accordance with the provisions of BAS-34: Interim Financial Reporting, Comparative information has been disclosed for all numerical information in the financial statements and also the narrative and descriptive information where it is relevant for understanding of the current period's financial statements.

Comparative figures have been re-arranged wherever considered necessary to ensure better comparability with the current period without causing any impact on the profit and value of assets and liabilities as reported in the financial statements.

4.00 Fixed Assets: Tk. 524,982,803

The above amount has been arrived as follows:

Land & Land Development

Building

Furniture & fixture

Office Equipment

Machinery

Electric Equipment & Installation

Laboratory Equipment

Generator

Gas Line Installation

Tube well

ETP

Fan

Tools & Accessories

Exhaust Fan

Vehicle

Balance as at December 31, 2013

The details of above has been shown in Annexure: A

31-Dec-2013	31-Dec-2012
92,400,000	92,400,000
342,852,757	331,143,738
2,117,477	764,352
1,182,130	880,748
66,617,441	68,775,379
9,968,764	8,821,492
1,858,783	1,234,692
827,142	973,108
1,157,155	1,257,777
254,599	282,888
2,841,591	3,157,323
820,062	911,180
821,188	521,247
327,368	363,742
936,346	1,170,432
524,982,803	512,658,098

5.00 Investment in Shares: Tk. 5,00,00,000

This represents the amount invested in 10,00,000 shares @ Tk. 10/- each in the placement shares of GMG Airlines Limited at a premium of Tk. 40 per share. GMG Airlines Limited declared a bonus dividend of 10% on its share capital for the year ended June 30, 2010 for which the company received additional 1,00,000 shares of Tk. 10/- each making total number of shares at 11,00,000. The above share not quoted yet as such market value of shares is difficult to ascertain. Therefor provision for unrealized gain or loss could not be made in the accounts.

6.00 Inventory: Tk. 457,359,059

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
WIP	21,872,648	10,254,873
Yarn	344,052,973	315,780,265
Dyes & Chemicals	48,138,310	42,772,502
Spares & Parts	2,659,204	1,272,380
Finished Goods	40,635,924	31,487,524
Grand Total	457,359,059	401,567,544

These have been valued at cost. The above stock valued and certified by the management.

The details have been shown in Annexure: B

7.00 Accounts Receivable: Tk. 449,753,506

This consists of the following:

	31-Dec-2013	31-Dec-2012
Dues within three months	362,470,087	242,109,158
Dues over three months but within six months	87,277,465	101,845,822
Dues over six months	5,954	58,926
	449,753,506	344,013,906

i) The details is shown in Annexure: C

ii) The amount is considered good and collectible within one year.

iii) There is no such debt due by or to directors or other officers of the company.

8.00 Advances, Deposits & Pre-Payments: Tk. 18,137,681

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
Advances:	14,121,319	9,684,919
Advance Tax Deduction at Source	4,536,069	347,131
Other Advances	9,585,250	9,337,788
Deposits:	4,016,362	4,016,362
REB	281,160	281,160
Titas Gas Transmission & Distribution Co. Ltd.	3,535,350	3,535,350
Bank Guarantee Margin	199,852	199,852
Total	18,137,681	13,701,281

9.00 Cash & Cash Equivalents: Tk. 9,771,402

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
Cash in Hand	311,456	936,758
Cash at Banks (Note- 9.01)	9,459,946	25,137,653
Total	9,771,402	26,074,411

9.01 Cash at Bank: Tk. 9,459,946

The break-up of the amount is given below:

<u>Bank Name</u>	<u>Branch Name</u>	<u>31-Dec-2013</u>	<u>31-Dec-2012</u>
South East Bank C/D A/c-345	Shayamoli Branch	-	19,326,881
South East Bank -1320	Shayamoli Branch	9,237,121	5,597,597
South East Bank 131-2098	Shayamoli Branch	222,825	213,175
Total		9,459,946	25,137,653

10.00 Accounts Payable: Tk. 20,945,838

The break-up of the amount is given below:

	<u>31-Dec-2013</u>	<u>31-Dec-2012</u>
Trade Creditors	9,025,088	9,585,656
Other Liabilities	11,920,750	13,960,960
	20,945,838	23,546,616

11.00 Short term Loan: Tk. 497,457,899

The break-up of the amount is given below:

	<u>31-Dec-2013</u>	<u>31-Dec-2012</u>
South East Bank-CC (Hypo)	179,638,979	153,071,506
South East Bank-Time Loan	129,866,719	159,370,872
South East Bank-PC	47,170,040	-
South East Bank-LTR	140,782,161	164,969,518
Total	497,457,899	477,411,896

The above balances have been confirmed by the banker.

12.00 Provision for Taxation: Tk. 21,212,160

The break-up of the amount is given below:

	<u>31-Dec-2013</u>	<u>31-Dec-2012</u>
Opening Balance	15,236,802	8,719,888
Current Year's Provision	8,475,358	12,236,802
Extra Provision written back	-	(606,638)
Paid during the year	(2,500,000)	(5,113,250)
Total	21,212,160	15,236,802

13.00 Accrued expenses: Tk. 15,411,829

The break-up of the amount is given below:

	<u>31-Dec-2013</u>	<u>31-Dec-2012</u>
Salary & Wages	14,024,263	11,810,575
Directors' Remuneration	560,000	450,000
Audit Fees	115,000	100,000
Office Rent	60,000	60,000
Gas Bill	339,703	972,495
Electricity Bill	312,863	240,993
Telephone Bill	-	2,766
Total	15,411,829	13,636,829

14.00 Share Capital: Tk. 451,300,000

14.01 Authorised Capital:	31-Dec-2013	31-Dec-2012
100,000,000 ordinary shares of tk. 10/- each	<u>1,000,000,000</u>	<u>1,000,000,000</u>

14.02 Issued, Subscribed, Called-up & Paid-up Capital :		
45,130,000 ordinary shares of tk. 10/- each	<u>451,300,000</u>	<u>451,300,000</u>

14.03 The Shareholding position of the Company	No of Share	Taka
Director & Sponsors	24,070,000	240,700,000
Other Shareholders	21,060,000	210,600,000
	<u>45,130,000</u>	<u>451,300,000</u>

15.00 Long Term Loan (Secured): Tk. 131,233,977

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
Southeast Bank-064	100,465,055	118,422,994
Southeast Bank-068	29,244,618	43,799,283
Southeast Bank-081	100,283,093	-
	<u>229,992,766</u>	<u>162,222,277</u>
Less: Current portion of Long Term Loan transferred to Current Liability	98,758,789	65,711,010
	<u>131,233,977</u>	<u>96,511,267</u>

Current portion of Long Term Loan is shown as Current liabilities as per requirement of BAS-I.

16.00 Turnover: Tk. 1,015,452,967

Revenue are Recognized when goods are delivered from the factory go down, delivery Challan and invoice issued as per IAS-18.

17.00 Cost of Goods Sold: Tk. 815,128,504

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
Yarn Consumed (Note # 17.01)	476,145,896	463,918,746
Dyes & Chemical Consumed (Note # 17.02)	111,293,645	109,013,127
Manufacturing Overhead (Note # 17.03)	248,455,138	237,751,529
Opening WIP	10,254,873	9,750,928
Closing WIP	(21,872,648)	(10,254,873)
Cost of Production	<u>824,276,904</u>	<u>810,179,457</u>
Finished Goods (Opening)	31,487,524	19,651,164
Finished Goods (Closing)	(40,635,924)	(31,487,524)
Cost of Goods Sold	<u>815,128,504</u>	<u>798,343,097</u>

17.01 Yarn Consumed:

Opening Stock	315,780,265	289,787,082
Add: Purchase	504,418,604	489,911,929
Less: Closing Stock	(344,052,973)	(315,780,265)
	<u>476,145,896</u>	<u>463,918,746</u>

17.02 Dyes & Chemicals Consumed:

Opening Stock	42,772,502	44,128,809
Add: Purchase	116,659,453	107,656,820
Less: Closing Stock	(48,138,310)	(42,772,502)
	<u>111,293,645</u>	<u>109,013,127</u>

17.03 Manufacturing Overhead: Tk. 248,455,138

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
Wages	171,805,297	163,468,408
Electricity Bill	6,386,035	5,276,448
Gas Bill	4,964,482	5,012,549
Electrical Goods	97,925	92,382
Labour Bill	589,832	541,130
Night Bill	421,848	388,800
Fooding Expenses	4,707,282	4,570,177
Production Incentive	356,123	345,080
Accessories	3,321,700	3,253,379
Spare part	1,040,310	1,013,947
Insurance Premium	707,586	899,398
Loading, Unloading & Carrying	3,661,717	3,444,701
Subcontract Bill	2,916,868	3,007,080
Fuel & Lubricants	18,679,483	18,313,219
Repair & Maintenance	2,803,181	2,750,914
Depreciation	25,402,246	24,804,058
Other Expenses	593,223	569,859
Total	248,455,138	237,751,529

18.00 Office & Administrative Expenses: Tk. 19,149,142

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
Salary & Allowance	5,724,985	5,505,952
Directors Remuneration	6,720,000	6,720,000
Telephone Bill	115,457	111,016
Travelling & Conveyance	187,894	182,421
Office Rent	720,000	60,000
Printing & Stationery	348,932	342,090
Fees & Professional charges	115,000	100,000
Entertainment	100,539	97,611
Vehicle Maintenance	473,677	446,865
Fuel	567,055	552,685
Depreciation	2,822,472	2,756,006
Other Expenses	1,253,131	1,226,876
Total	19,149,142	18,101,522

19.00 Selling & Distribution Expenses: Tk. 4,995,905

The break-up of the amount is given below:

	31-Dec-2013	31-Dec-2012
Salary & Allowance	1,980,282	1,885,983
Travelling & Conveyance	29,512	28,597
Printing & Stationery	39,998	38,382
Entertainment	21,618	20,542
Air Freight Charges	2,032,380	2,117,062
Postage & Courier	125,538	119,560
Sample Expenses	735,377	724,581
Advertisement	31,200	277,350
Total	4,995,905	5,212,057

20.00 Financial Expenses: Tk. 99,092,283

The break-up of the amount is given below:

	3I-Dec-2013	3I-Dec-2012
Bank Charges & Commission	2,502,695	1,272,250
Interest on IDBC	27,890,632	22,974,605
Interest on OD	27,173,549	22,644,680
Interest on PC	1,576,593	216,427
Interest on Term Loan	30,993,144	39,179,262
Interest on Time Loan	8,955,670	9,505,603
	99,092,283	95,792,827

21.00 Other Income: Tk. 411,364

The break-up of the amount is given below:

	3I-Dec-2013	3I-Dec-2012
Bank Interest received	13,118	12,501
Wastage Sales	398,246	501,240
	411,364	513,741

22.00 Deferred Tax Expense: Tk. 2,688,413
Carrying Amount:

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	432,582,803	420,258,098

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	432,582,803	420,258,098

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
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	3I-Dec-2013	3I-Dec-2012
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Property, Plant & Equipments	197,052,449	202,650,501

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	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

	3I-Dec-2013	3I-Dec-2012
Property, Plant & Equipments	197,052,449	202,650,501

24.00 Value of Export

Particular	In Foreign Currency USD	In BDT
Export	\$ 13,047,063.69	1,015,452,967

25.00 Production Capacity:

Particulars	Capacity per day	Capacity Utilization	3I-Dec-2013	3I-Dec-2012
Dyeing Section	32,000 Lbs	26,500 Lbs	%	%
Knitting Section	16,000 Pcs of Sweater	12,400 Pcs of Sweater	82.81%	81.25%
			77.50%	75.00%

TUNG HAI KNITTING AND DYEING LTD.
Schedule of Property, Plant & Equipments
As at December 31, 2013

Annexure: A

Particulars	Cost/Revaluation			Rate of Dep.	Depreciation			Written down value as on 31-Dec-13
	Balance as on 01-Jan-13	Addition during the year	Balance as on 31-Dec-13		Balance as on 01-Jan-13	Charged during the year	Balance as on 31-Dec-13	
Land & Land Development	92,400,000	-	92,400,000	-	-	-	-	92,400,000
Building	432,438,327	29,753,901	462,192,228	5%	101,294,589	18,044,882	119,339,471	342,852,757
Furniture & fixture	1,312,647	1,588,400	2,901,047	10%	548,295	235,275	783,570	2,117,477
Office Equipment	1,322,657	432,730	1,755,387	10%	441,909	131,348	573,257	1,182,130
Machinery	120,103,979	5,244,000	125,347,979	10%	51,328,600	7,401,938	58,730,538	66,617,441
Electric Equipment & Installation	14,944,859	2,254,913	17,199,772	10%	6,123,367	1,107,641	7,231,008	9,968,764
Laboratory Equipment	2,259,262	830,622	3,089,884	10%	1,024,570	206,531	1,231,101	1,858,783
Generator	3,035,488	-	3,035,488	15%	2,062,380	145,966	2,208,346	827,142
Gas Line Installation	2,162,176	-	2,162,176	8%	904,399	100,622	1,005,021	1,157,155
Tube well	601,473	-	601,473	10%	318,585	28,289	346,874	254,599
ETP	5,739,463	-	5,739,463	10%	2,582,140	315,732	2,897,872	2,841,591
Fan	1,218,113	-	1,218,113	10%	306,933	91,118	398,051	820,062
Tools & Accessories	997,515	444,857	1,442,372	15%	476,268	144,916	621,184	821,188
Exhaust Fan	568,000	-	568,000	10%	204,258	36,374	240,632	327,368
Vehicle	2,286,000	-	2,286,000	20%	1,115,568	234,086	1,349,654	936,346
Balance as at December 31, 2013	681,389,959	40,549,423	721,939,382		168,731,861	28,224,718	196,956,579	524,982,803
Balance as at December 31, 2012	678,054,338	3,335,621	681,389,959		141,171,797	27,560,064	168,731,861	512,658,098

Allocation of Depreciation:

	31-Dec-13	31-Dec-12
Manufacturing Overhead	25,402,246	24,804,058
Office & Admin Overhead	2,822,472	2,756,006
	28,224,718	27,560,064

TUNG HAI KNITTING AND DYEING LTD.
Statement of Inventory
As at December 31, 2013

Particulars	31-Dec-13			31-Dec-12		
	Qty (Lbs/Kg.)		Amount	Qty (Lbs/Kg.)		Amount
WIP	107,926		21,872,648	52,733		10,254,873
Yarn	2,086,463	164.90	344,052,973	1,987,662	158.87	315,780,265
Dyes & Chemicals						
Chemicals						
Acid	57,165	96	5,471,834	56,287	93.84	5,281,972
T.Pan	30,046	129	3,876,234	29,584	126.48	3,741,784
L Agent M-09	48,711	129	6,284,206	47,963	126.48	6,066,360
Softner SR-02	61,239	229	14,016,995	60,298	224.40	13,530,871
Oxalic Acid	23,954	121	2,891,008	23,586	118.32	2,790,696
Chloride	6,805	117	792,919	6,700	114.24	765,408
JL-FRK	333	96	31,875	328	93.84	30,780
JL CN	271	96	25,940	267	93.84	25,055
S.Softner QT-30	591	229	135,274	582	224.40	130,601
RL-650	335	96	32,066	330	93.84	30,967
PWC	417	96	39,915	411	93.84	38,568
Cooustic Soda	2,394	83	199,253	2,357	81.60	192,331
Total Chemicals			33,797,519			32,625,394
Dyes:						
Yellow 5GL	3,367	358	1,205,049	2,430	350.88	852,638
G.Yellow GL	8,480	358	3,034,992	6,120	350.88	2,147,386
Red GRL	3,585	287	1,029,433	2,587	281.52	728,292
Blue GRL	10,801	516	5,573,748	7,795	505.92	3,943,646
Black XO	7,116	354	2,517,214	5,136	346.80	1,781,165
Blue GB	834	516	430,377	602	505.92	304,564
Black LTD	640	375	239,706	462	367.20	169,646
Red 6B	87	287	24,982	63	281.52	17,736
White NA	360	287	103,374	260	281.52	73,195
Red 5GN	263	287	75,520	190	281.52	53,489
Violet Red	371	287	106,395	268	281.16	75,351
Total Dyes			14,340,791			10,147,108
Total Dyes & Chemicals			48,138,310			42,772,502
Finished Goods						
Dyed Yarn	139,077		40,635,924	114,186		31,487,524
Spares & Parts			2,659,204			1,272,380
Total Inventory			457,359,059			401,567,544

TUNG HAI KNITTING AND DYEING LTD.
SCHEDULE OF ACCOUNTS RECEIVABLE
As at December 31, 2013

Sl. No.	Name of the Customer	31-Dec-2013				31-Dec-2012
		Less than 3 months	Over 3 months less than 6 months	Over 6 Months	Total BDT	Total BDT
1	Tung Hai Sweaters Ltd.	261,832,396	87,277,465	-	349,109,861	343,954,980
2	Grabal Alok (UK) Ltd.	45,372,050	-	-	45,372,050	-
3	Exclusive Clothing Co. Ltd., UK	1,446,786	-	-	1,446,786	-
4	Members Only Clothing Co. Ltd., UK	878,227	-	-	878,227	-
5	Primark Stores Ltd., UK	5,103,317	-	-	5,103,317	-
6	SIPLEC, France	47,201,011	-	-	47,201,011	-
7	S.A. Carodel N.V., Belgium	636,300	-	-	636,300	-
8	Dynamic Sweaters	-	-	360	360	10,360
9	N. Haroon	-	-	757	757	757
10	Royal Dress	-	-	-	-	6,546
11	Pinacle Sweaters	-	-	2,342	2,342	2,342
12	A.K. Fashion	-	-	969	969	969
13	K.M. Fashion	-	-	821	821	9,821
14	Armin Sweaters	-	-	232	232	232
15	Versatile Fashion	-	-	-	-	14,642
16	Valentine Sweater	-	-	-	-	6,940
17	RTN Fashion	-	-	473	473	473
18	Oasis Fashion	-	-	-	-	5,844
	Total	362,470,087	87,277,465	5,954	449,753,506	344,013,906

Tung Hai Knitting & Dyeing Limited
Auditors' report Under Section-135 (1) and Para-24(1) of Part-II of Schedule-III of the Companies Act 1994

We, as the auditors having examined the Financial Statements of Tung Hai knitting & Dyeing Limited for the years ended 2013, 2012, 2011, 2010, 2009 and in pursuance of Section-135 (1) and Para-24 (1) of Part-II of Schedule-III of the Companies Act 1994 report that:

A) Statements of Assets and Liabilities of the company is as under:

Particulars	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
<u>EMPLOYED TO:</u>					
<u>NON-CURRENT ASSETS</u>	574,982,803	562,658,098	586,882,541	468,688,565	401,256,603
Property, Plant & Equipment	524,982,803	512,658,098	536,882,541	412,807,313	401,163,103
Capital Work-in-progress	-	-	-	5,881,252	-
Investment in Shares	50,000,000	50,000,000	50,000,000	50,000,000	-
Preliminary Expenses	-	-	-	-	93,500
<u>CURRENT ASSETS (A)</u>	935,021,648	785,357,142	976,697,163	563,532,279	119,995,633
Inventories	457,359,059	401,567,544	364,793,933	110,600,268	38,902,858
Accounts Receivable	449,753,506	344,013,906	595,738,494	270,885,168	61,727,751
Other Receivables	-	-	-	109,916,667	-
Advances, Deposits & Pre-Payments	18,137,681	13,701,281	13,806,743	71,733,193	18,758,031
Cash & Cash Equivalents	9,771,402	26,074,411	2,357,993	396,983	606,993
<u>CURRENT LIABILITIES & PROVISIONS (B)</u>	661,324,923	599,391,156	834,904,855	526,752,379	109,807,171
Accounts Payable	20,945,838	23,546,616	23,510,494	4,628,480	1,379,495
Current portion of Long Term Loans	98,758,789	65,711,010	43,464,552	27,806,219	-
Short Term Bank Loan	497,457,899	477,411,896	747,451,641	472,849,069	96,132,920
Workers' Profit Participation Fund	7,538,408	3,848,003	-	-	-
Provision for Taxation	21,212,160	15,236,802	8,719,888	10,100,406	4,155,564
Accrued Expenses	15,411,829	13,636,829	11,758,280	11,368,205	8,139,192
NET CURRENT ASSETS (A-B)	273,696,725	185,965,986	141,792,308	36,779,900	10,188,462
TOTAL NET ASSETS:	848,679,528	748,624,084	728,674,849	505,468,464	411,445,065
<u>FINANCED BY:</u>					
<u>SHARE HOLDERS EQUITY:</u>	682,115,998	619,471,677	567,091,208	323,535,942	262,482,961
Share capital	451,300,000	451,300,000	451,300,000	93,000,000	92,500,000
Share Money Deposit	-	-	-	150,000,000	150,000,000
Revaluation Reserve	30,568,721	30,568,721	30,568,721	30,568,721	-
Retained Earnings	200,247,277	137,602,956	85,222,487	49,967,221	19,982,961
<u>LONG TERM BANK LOANS</u>	131,233,977	96,511,267	141,891,935	181,932,522	148,962,104
Long Term Loans	131,233,977	96,511,267	141,891,935	181,932,522	148,962,104
Deferred Tax Liability	35,329,553	32,641,140	19,691,706	-	-
TOTAL EQUITY & LIABILITIES	848,679,528	748,624,084	728,674,849	505,468,464	411,445,065
Net Assets Value Per Share (NAVPs)	15.11	13.73	12.57	13.31	28.38

* **Note:** Due to share split on May 20, 2011 of face value per share from Tk. 100.00 to Tk. 10.00. Restated NAV (per share of Tk.10) for the years ended 31 December, 2010, and 2009 stood at Tk.13.31 and Tk. 28.38 respectively.

B) The statements of operating results of the company is as follow:

Particulars	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
Turnover (A)	1,015,452,967	997,743,832	905,102,222	580,673,790	411,176,902
Cost of Goods Sold (B)	815,128,504	798,343,097	731,790,714	475,930,668	341,227,260
Gross Profit: (C) (A-B)	200,324,463	199,400,735	173,311,508	104,743,122	69,949,642
Operating Expenses: (D)	24,145,047	23,313,579	21,479,133	25,298,853	19,892,339
Office & Administrative Expenses	19,149,142	18,101,522	17,937,689	25,298,853	19,892,339
Selling Expenses	4,995,905	5,212,057	3,541,444	-	-
Operating Profit: (E) (C-D)	176,179,416	176,087,156	151,832,375	79,444,269	50,057,303
Financial Expenses (F)	99,092,283	95,792,827	98,259,647	45,983,953	32,043,290
Other Income (G)	411,364	513,741	664,975	2,468,786	159,248
Profit Before Workers' Profit Participation Fund (H) (E-F+G)	77,498,497	80,808,070	54,237,703	35,929,102	18,173,261
Workers' Profit Participation Fund (I)	3,690,405	3,848,003	-	-	-
Net Profit Before Tax (J) (H-I)	73,808,092	76,960,067	54,237,703	35,929,102	18,173,261
Provision for Taxation (K)	11,163,771	25,186,236	8,568,909	5,944,842	2,725,989
Current Tax	8,475,358	12,236,802	5,606,638	5,944,842	2,725,989
Deferred Tax	2,688,413	12,949,434	2,962,271	-	-
Net Profit After Tax transferred to Statement of Changes in Equity (L) (J-K)	62,644,321	51,773,831	45,668,794	29,984,260	15,447,272
Earning Per Share (EPS) (M)	1.39	1.15	2.06	1.23	0.64

* **Note:** Due to share split on May 20, 2011 of face value per share from Tk. 100.00 to Tk. 10.00. Restated EPS (per share of Tk.10.00) for the years ended 31 December, 2010 and 2009 stood at Tk. 1.23 and Tk. 0.64 respectively.

(C) Dividend declared:

Particulars	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
Cash Dividend	Nil	Nil	Nil	Nil	Nil
Stock Dividend (Bonus Share)	Nil	Nil	Nil	Nil	Nil

(D) Tung Hai Knitting and Dyeing Limited was incorporated as a Private Limited Company on May 31, 2004 and subsequently converted into a Public Limited Company on May 15, 2011 with the Registrar of Joint Stock Companies (RJSC) in Bangladesh. RJSC has also certified the amended copy of Memorandum and Articles of Association of the Company on May 25, 2011.

(E) The company had no subsidiary company as on the balance sheet date.

(F) No proceeds or part of the proceeds of the issue of shares would be applied directly by the company in the purchase of any business.

(G) The company did not prepare any statement of accounts for the period subsequent to 31 December, 2013.

Dhaka

Dated: 06 March, 2014

Sd/-

A. MATIN & CO.

Chartered Accountants

Auditor's certificate regarding calculation of EPS and Ratios

This is to certify that Tung Hai Knitting & Dyeing Ltd. has maintained the following ratios as computed on the basis of the audited financial statements for the year ended 31 December, 2009, 2010, 2011, 2012, and 2013.

Particulars	31-Dec-13	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-09
1. Liquidity Ratios:					
Current Ratio	1.41	1.31	1.17	1.07	1.09
Quick Ratio	0.72	0.64	0.73	0.86	0.74
Times Interest Earned Ratio	0.65	0.53	0.99	0.94	0.52
Debt to Equity Ratio	0.19	0.16	0.25	0.56	0.57
2. Operating Ratios:					
Accounts Receivable Turnover Ratio	2.56	2.12	2.09	3.49	8.00
Inventory Turnover Ratio	1.90	2.08	3.08	6.37	9.46
Asset Turnover Ratio	0.71	0.69	0.70	0.75	0.81
3. Profitability Ratios:					
Gross Margin Ratio	19.73%	19.99%	19.15%	18.04%	17.01%
Operating Income Ratio	17.35%	17.65%	16.78%	13.68%	12.17%
Net Income Ratio (before tax)	7.63%	8.10%	5.99%	6.19%	4.42%
Net Income Ratio (after tax)	6.17%	5.19%	5.05%	5.16%	3.76%
Return on Assets Ratio	10.28%	9.15%	9.95%	8.89%	8.44%
Return on Equity Ratio	9.63%	8.73%	10.26%	10.23%	6.06%
Earnings Per Share (EPS)	1.39	1.15	2.06	1.23	0.64

Dhaka

Dated: 06 March, 2014

Sd/-

A. MATIN & CO.

Chartered Accountants

*** Note:** Due to share split on May 20, 2011 of face value per share from Tk. 100.00 to Tk. 10.00. Restated EPS (per share of Tk.10.00) for the years ended 31 December, 2010 and 2009 stood at Tk. 1.23 and Tk. 0.64 respectively.

SECTION XXI: AUDITORS ADDITIONAL DISCLOSURE

- It appears from the Statement of Comprehensive Income for the year ended on 31st December 2012 that Workers' Profit Participation Fund (WPPF) has been kept from the year ended on 31st December 2012. That means the issuer company has adopted a new accounting policy, which is not mentioned in any of the notes to Audited Financial Statement;

Response to the above:

Workers Profit Participation Fund and Welfare Fund:

The company makes an allocation of 5% on net profit before tax for the year 2012 to this fund and payment will make to the workers as per provisions of the Bangladesh Labor Law 2006.

- Please confirm whether Workers' Profit Participation Fund (WPPF) has been keeping, maintaining and utilization as per the provision of section 232, 233, 234, 235, 240, 241, 242 and 243 of the Bangladesh Labor Law 2006;

Response to the above:

The Company have complied the compliance of Workers' Profit Participation Fund (WPPF) as per the provision of section 232, 233, 234, 240, 241, 242, 243 except 235 of the Bangladesh Labor Law 2006.

- Please provide a compliance report on corporate governance as per provision of notification no. BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August, 2012;

Response to the above:

Status of compliance with the conditions imposed by the Commission's Notification No BSEC/CMRRCD/2006-158/134/Admin/44 dated 07 August 2012:

Condition No.	Title	Compliance Status		Remarks (If any)
		Complied	Not Complied	
1.	Board of Directors:			
1.1	Board's Size: The number of the board members shall not be less than 5(Five) and more than 20 (Twenty)	√		
1.2	Independent Directors:			
1.2(i)	One fifth(1/5) of the total number of directors		√	
1.2(ii) a)	Does not hold any share or holds less than 1% shares of the total paid-up shares.		√	
1.2(ii) b)	Not connected with any Sponsor/ Director/ Shareholder who hold 1% or more shares of the total paid-up shares on the basis of family relationship		√	
1.2(ii) c)	Does not have any other relationship, whether pecuniary or otherwise, with the company or its subsidiary/associated companies.		√	
1.2(ii) d)	Not a member, director or officer of any stock exchange.		√	
1.2(ii) e)	Not a shareholder, director or officer of any member of stock exchange or an intermediary of the capital market.		√	
1.2(ii) f)	Not a partner or an executive or was not a partner or an executive during the preceding 3(three) years Of any statutory audit firm.		√	
1.2(ii) g)	Not be an independent director in more than 3 (three) listed companies.		√	
1.2(ii) h)	Not been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a bank or a NBFIL.		√	
1.2(ii) i)	Not been convicted for a criminal offence involving moral turpitude.		√	
1.2(iii)	Nominated by the board of directors and approved by the shareholders in the AGM.		√	
1.2(iv)	Not remain vacant for more than 90 (ninety) days.		√	
1.2(v)	Board shall lay down a code of conduct of all Board members and annual compliance of the code to be Recorded.		√	
1.2(vi)	Tenure of office of an independent director shall be for a period of 3 (three) years, which may be extended for 1 (one) term only.		√	

1.3	Qualification of Independent Director (ID):			
1.3(i)	Knowledge of Independent Directors.		√	
1.3(ii)	Background of Independent Directors.		√	
1.3(iii)	Special cases for qualifications.		√	
1.4	Individual Chairman of the Board and CEO.		√	
1.5	The Directors' Report to Shareholders:			
1.5(i)	Industry outlook and possible future developments in the industry.	√		
1.5(ii)	Segment-wise or product-wise performance.	√		
1.5(iii)	Risks and concerns.	√		
1.5(iv)	Discussion on Cost of Goods sold, Gross Profit Margin and Net Profit Margin.	√		
1.5(v)	Discussion on continuity of any Extra-ordinary gain or loss.	√		
1.5(vi)	Basis for related party transactions.	√		
1.5(vii)	Utilization of proceeds from public issues, rights issues and/or through any others.	√		
1.5(viii)	Explanation of the financial results deteriorate after the company goes for IPO, RPO, Rights Offer, Direct Listing.			N/A
1.5(ix)	Explanation about significant variance occurs between Quarterly Financial performance and Annual Financial Statements.			N/A
1.5(x)	Remuneration to directors including independent directors.	√		
1.5(xi)	Fairness of Financial Statement.	√		
1.5(xii)	Maintenance of proper books of accounts.	√		
1.5(xiii)	Adoption of appropriate accounting policies and estimates.	√		
1.5(xiv)	Followed IAS, BAS, IFRS and BFRS in preparation of financial statements.	√		
1.5(xv)	Soundness of internal control system.	√		
1.5(xvi)	Ability to continue as a going concern.	√		
1.5(xvii)	Significant deviations from the last year's.			N/A
1.5(xviii)	Key operating and financial data of at least preceding 5 (five) year.	√		
1.5(xix)	Reasons for not declared dividend.			Business growth and reinvestment
1.5(xx)	Number of board meetings held during the year and attendance.	√		
1.5(xxi)	Pattern of shareholding:			
1.5(xxi)a)	Parent/Subsidiary/Associated Companies and other related parties.	√		
1.5(xxi)b)	Directors, CEO, CS, CFO, HIA and their spouses and minor children.	√		
1.5(xxi)c)	Executives.	√		
1.5(xxi)d)	10% or more voting interest.			
1.5(xxii)	Appointment/re-appointment of director:	√		
1.5(xxii)a)	Resume of the director	√		
1.5(xxii)b)	Expertise in specific functional areas.	√		
1.5(xxii)c)	Holding of directorship and membership of committees of the board other than this company.	√		
2.	CFO, Head of Internal Audit (HIA) and CS:			
2.1	Appointment of CFO, HIA and CS and defining their responsibilities.	√		
2.2	Attendance of CFO and CS at the meeting of the Board of Directors.	√		
3.	Audit Committee:			
3(i)	Constitution of Audit Committee		√	
3(ii)	Assistance of the Audit Committee to Board of Directors.		√	
3(iii)	Responsibility of the Audit Committee.		√	
3.1	Constitution of the Audit Committee:			
3.1(i)	At least 3 (three) members.		√	
3.1(ii)	Appointment of members of the Audit Committee.		√	
3.1(iii)	Qualification of Audit Committee members.		√	
3.1(iv)	Term of service of Audit Committee members.		√	
3.1(v)	Secretary of the Audit Committee.		√	
3.1(vi)	Quorum of the Audit Committee.		√	
3.2	Chairman of the audit committee:			
3.2(i)	Board of Director shall select the Chairman.		√	
3.2(ii)	Chairman of the audit committee shall remain present in the AGM.		√	
3.3	Role of Audit Committee:			
3.3(i)	Oversee the financial reporting process.		√	
3.3(ii)	Monitor choice of accounting policies and principles.		√	

3.3(iii)	Monitor Internal Control Risk management process.		√	
3.3(iv)	Oversee hiring and performance of external auditors.		√	
3.3(v)	Review the annual financial statements before submission to the board for approval.		√	
3.3(vi)	Review the quarterly and half yearly financial statements before submission to the board for approval.		√	
3.3(vii)	Review the adequacy of internal audit function.		√	
3.3(vii)	Review statement of significant related party transactions.		√	
3.3(ix)	Review Management Letters/Letter of Internal Control weakness issued by statutory auditors.		√	
3.3(x)	Disclosure about the uses/applications of funds raised by IPO/RPO/Right issue.			N/A
3.4	Reporting of the Audit Committee:			
3.4.1	Reporting to the Board of Directors.		√	
3.4.1(i)	Activities of Audit Committee.		√	
3.4.1(ii)a	Conflicts of interests.		√	
3.4.1(ii)b	Material defect in the internal control system.		√	
3.4.1(ii)c	Infringement of laws, rules and regulations.		√	
3.4.1(ii)d	Any other matter.		√	
3.4.2	Reporting to the Authorities.			N/A
3.5	Reporting to the Shareholders and General Investors.	√		
4	Engagement of External/Statutory Auditors:	√		
4(i)	Appraisal or valuation services or Fairness opinions.	√		
4(ii)	Financial information systems design and Implementation.	√		
4(iii)	Book-keeping.	√		
4(iv)	Broker-dealer services.			N/A
4(v)	Actuarial services			N/A
4(vi)	Internal audit services.	√		
4(vii)	Services that the Audit Committee determines	√		
4(viii)	Audit firms shall not hold any share of the company they audit.	√		
5	Subsidiary Company:			
5(i)	Composition of the Board of Directors.			N/A
5(ii)	At least I (one) independent director to the subsidiary company.			N/A
5(iii)	Submission of Minutes to the holding company.			N/A
5(iv)	Review of Minutes by the holding company.			N/A
5(v)	Review of Financial Statement by the holding company.			N/A
6	Duties of Chief Executive Officer and Chief Financial Officer:			
6(i)a	Reviewed the materially untrue of the financial statement.	√		
6(i)b	Reviewed about compliance of the accounting standard.	√		
6(ii)	Reviewed about fraudulent, illegal or violation of the company's code of conduct.	√		
7	Reporting and Compliance of Corporate Governance:			
7(i)	Obtain certificate about compliance of conditions of Corporate Governance Guidelines.	√		
7(ii)	Annexure attached in the directors' report.	√		

4. In response to our query No. 4 under deficiency in draft prospectus of our deficiency letter dated 13 December 2012, the issuer company has provided the following explanation:

"It was the management decision to invest in the shares of GMG Airlines Limited in the year of 2010. At that time, the investment was seemed to be a lucrative one and also secured, because the then Bangladesh Securities and Exchange Commission (BSEC) accorded consent to GMG Airlines Limited for the greater interests of the investors and the capital market. Our management has also come to know that the operation of GMG Airlines Limited is going to start immediately and in the near future the shares of the company will come into the capital market."

You have mentioned that you evaluated management's assessment and were satisfied that the investment is secured.

Please confirm whether the impairment of the asset was measured or the asset was measured at fair value as per IAS/BAS 39 as on 31st December 2012. If not, please measure the impairment of the asset or measure the fair value of the asset as on 31st December 2012;

Response to the above:

As per IAS/BAS 39 “the fair value of the securities could not be ascertained because, those securities are not tradable in the open market; therefore, they did not measure any impairment of the financial assets”.

5. It appears from the Note 6.00 to the audited financial statement as on 31/12/2012 that the stock of yarn stood at Tk. 31.58 Crore. It has been learnt from electronic and printing Medias that the price of the yarn has drastically fallen. Therefore, please confirm whether the inventory including stock of yarn was presented at the lower of Cost and Net Realizable Value (NRV) as per the provision of para 9 of BAS -2. Please mention therein the respective cost and cost and NRV of each item of inventory;

Response to the above:

The stock of yarn has been valued as per the provision of BAS-2. At the time of inventory valuation, the market price of raw materials higher than the cost price of the company's inventories.

Particulars	31-Dec-12				
	Qty (Lbs)	Cost Price	Net Realizable Value (NRV)	Whichever is lower	Amount
Yarn	1,921,449	164.34	167.14	164.34	315,780,265

6. It appears from Advances, Deposits & Pre-Payments that Tk. 13,701,281 under note 8.00 of audited financial statement for the year ended December 31, 2012. Please provide its details;

Response to the above:

The details breakdowns for Advances, Deposits & Pre-Payments are given below:

<u>Particulars</u>	<u>Taka</u>	<u>Taka</u>
Advances:		9,684,919
Tax deducted at source		347,131
Advance to Suppliers & Service Provider:		
Arpita Accessories	259,870	
Bashar Plastic	254,150	
Bobin & Thread Fair	64,200	
Cement Centre	282,174	
Millennium Cargo Systems	1,346,350	
Mina Electric	500,000	
M/S Tajin Enterprise	1,400,000	
Naziza Enterprise	49,520	
Nishad Enterprise	403,015	
Pride Corporation	281,835	
Prince Electronic	1,259,670	
Rana International Fashion Ltd	1,004,899	
Rina Enterprise	175,792	
Rohan Enterprise	30,000	
Sara Auto Placket	1,282,000	
Shama International	4,575	
Sweaters Apparels Ltd	626,038	
Sys Computers	113,700	
		9,337,788
Deposits:		4,016,362
Security Deposits-REB		281,160
Security Deposits-Titas Gas		3,535,350
Bank Guarantee Margin		199,852
Total Advances, Deposits & Pre-payments		13,701,281

7. It appears from Other Liabilities under the head Accounts Payable that Tk. 13,960,960 in note 10.00 of audited financial statement for the year ended December 31, 2012. Please provide its details;

Response to the above:

The whole amount is the balance of Bank interest & charges payable on IDBC liabilities as on 31.12.2012. The principal amount of IDBC was set off with accounts receivable and the interest payable on such principal was shown as other payable under the accounts payable.

8. Please furnish the breakup of Cash Flow from Operating activities of the Statement of Cash Flows;

Response to the above:

The breakup of Cash Flow from Operating activities of the Statement of Cash Flows is as under:

Particulars	31/12/2012	31/12/2011
CASH FLOWS FROM OPERATING ACTIVITIES:	(68,585,822)	(196,849,419)
Collection from Turnover & Other Income (Note- 1)	871,327,371	792,901,742
Collection from Turnover	870,813,630	792,236,767
Collection from Other Income	513,741	664,975
Payment to Creditors, Suppliers, employees & Others (Note-2)	(839,007,116)	(890,820,264)
Cash Generated from Operation	32,320,255	(97,918,522)
Financial Expenses	(95,792,827)	(98,259,647)
Income Tax	(5,113,250)	(671,250)
Note-1: Collection from Turnover & Other Income:		
Turnover	997,743,832	905,102,222
Add Other Income	513,741	664,975
Add Accounts Receivables opening balance	217,083,704	104,218,249
Less Accounts Receivables closing balance	344,013,906	217,083,704
	871,327,371	792,901,742
Note-2: Payment to Creditors, Suppliers, employees & Others:		
Cost of Goods Sold	(798,343,097)	(731,790,714)
Office & Administrative Expenses	(18,101,522)	(17,937,689)
Selling & Distribution Expenses	(5,212,057)	(3,541,444)
Depreciation	27,560,064	29,287,683
Increase/(Decrease) in Inventories	(36,773,611)	(254,193,665)
Increase/(Decrease) in Advances, Deposits & Pre-Payments	105,462	57,926,450
Increase/(Decrease) in Accounts Payable	(10,120,904)	29,039,040
Increase/(Decrease) in Accrued Expenses	1,878,549	390,075
	(839,007,116)	(890,820,264)

9. It appears from the Financial Statement for the year ended on 31st December 2012 that the issuer company has not measured or recognized the contingent liabilities as mentioned in our letter dated 03/02/2013. Please measure/recognize the contingent liabilities.

Response to the above:

Contingent Liabilities:

The company showed in its financial statements the accounts receivable figure net off of the advance against the trade receivables i.e. IBP (Inland Bill Purchase). If the trade receivables are not collected from customer's bank, the company will be liable to pay off the bank loan (advance against the trade receivables).

10. It appears that cash flow from operating activities is negative for the consecutive year ended 31 December 2010, 2011 and 2012. You are required to confirm whether there is any going concern threat;

Response to the above:

Tung Hai Knitting and Dyeing Limited is a 100% export-oriented company. Its exports are made through deferred (90 to 120 days) L/Cs for which export proceeds receipts are deferred for a certain period. Since company's business has grown significantly over the last few years, it has had to maintain greater level of inventory for the uninterrupted production process. As a consequence, inventory & accounts receivables increased than that of previous year and cash flow from operating activities in last few years showed negative figures. This trend is just an impact of the continuous growth of the company's business that would not cast any sort of doubt on the going concern assumption, since the entire receivables are good and guaranteed by corresponding banks.

Year		31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12
Turnover	Amount	316,702,883	411,176,902	580,673,790	905,102,222	997,743,832
	% Increase	45.71%	29.83%	41.22%	55.87%	10.24%
Accounts Receivable	Amount	41,071,184	61,727,751	270,885,168	595,738,494	344,013,906
	% Increase	128.76%	50.29%	338.84%	119.92%	-42.25%
Inventories	Amount	33,244,431	38,902,858	110,600,268	364,793,933	401,567,544
	% Increase	56.86%	17.02%	184.30%	229.83%	10.08%

Dhaka
Dated: December 15, 2013

Sd/-
MAHFEL HUQ & CO.
Chartered Accountants

SECTION XXII: LOCK IN PROVISION

All issued shares of the issuer at the time of according consent to public offering shall be subject to a lock-in period of three years from the date of issuance of prospectus or commercial operation, whichever comes later.

Provided that the persons, other than directors and those who hold 5% or more, who have subscribed to the shares of the company within immediately preceding two years of according consent, shall be subject to a lock-in period of one year from the date of issuance of prospectus or commercial operation, whichever comes later.

The following table indicates the **Lock-In** status of the shareholders of Tung Hai Knitting & Dyeing Limited:

SL.	Name	Position	Share Holdings	%	Date of acquisition	*Lock-in Period
1	ANJUMAN-ARA-KHANAM	Chairman	4,188,750	9.28	May 05, 2004	3 Yrs
2	NAFREEN MAHBUB	Director & MD	6,130,625	13.58	May 27, 2010	3 Yrs
3	AFREEN MAHBUB	Director	4,360,625	9.66	July 29, 2013	3 Yrs
4	MR. MD EHSANUR RAHMAN	Director	1,760,000	3.9	May 27, 2010	3 Yrs
5	MRS. NASRIN SHANU	Director	2,000,000	4.43	May 08, 2011	3 Yrs
6	TUNG HAI SWEATERS LTD.	Director	5,630,000	12.5	May 08, 2011	3 Yrs
7	ABDULLAH AL KAFEE	Shareholder	510,000	2.22	May 08, 2011	3 Yrs
			490,000		Nov 20, 2011	3 Yrs
8	MR. ZABIDUR RAHMAN	Shareholder	50,000	0.11	June 15, 2005	3 Yrs
9	MR.MUSTAFIZUR RAHMAN SHAMIM	Shareholder	5,000	0.01	May 08, 2011	3 Yrs
10	ABDULLAH AL SHAFEE	Shareholder	10,000	0.44	May 08, 2011	3 Yrs
			190,000		Nov 20, 2011	3 Yrs
11	SAIFUL ISLAM	Shareholder	10,000	1.66	May 08, 2011	3 Yrs
			740,000		Nov 20, 2011	3 Yrs
12	MRS. MONIRA AKTER	Shareholder	10,000	3.88	May 08, 2011	3 Yrs
			1,740,000		Nov 20, 2011	3 Yrs
13	A.K.M. SALEH UDDIN	Shareholder	10,000	1.11	May 08, 2011	3 Yrs
			490,000		Nov 20, 2011	3 Yrs
14	MD. ABDUS SATTAR	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
15	MD. AHSANUL KABIR	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
16	MOHAMMAD HABIB RASHID	Shareholder	10,000	0.44	May 08, 2011	3 Yrs
			190,000		Nov 20, 2011	3 Yrs
17	S.M. ROKIBUL ALAM	Shareholder	10,000	0.47	May 08, 2011	3 Yrs
			200,000		Nov 20, 2011	3 Yrs
18	MOSTAFA JAMAL	Shareholder	10,000	0.69	May 08, 2011	3 Yrs
			300,000		Nov 20, 2011	3 Yrs
19	SYED JAMAL AHMED	Shareholder	10,000	1.13	May 08, 2011	3 Yrs
			500,000		Nov 20, 2011	3 Yrs
20	MOHAMMAD ASIF IQBAL	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
21	SYED JALAL AHMED	Shareholder	10,000	1.13	May 08, 2011	3 Yrs
			500,000		Nov 20, 2011	3 Yrs
22	SYED ROKON UZZAMAN	Shareholder	10,000	0.69	May 08, 2011	3 Yrs
			300,000		Nov 20, 2011	3 Yrs
23	ABDUL AZIZ	Shareholder	10,000	0.47	May 08, 2011	3 Yrs
			200,000		Nov 20, 2011	3 Yrs
24	AFSARUZZAMAN	Shareholder	10,000	0.47	May 08, 2011	3 Yrs
			200,000		Nov 20, 2011	3 Yrs
25	ABUL MONSUR	Shareholder	10,000	0.69	May 08, 2011	3 Yrs
			300,000		Nov 20, 2011	3 Yrs
26	MD. ANAYET KABIR	Shareholder	10,000	0.25	May 08, 2011	3 Yrs
			105,000		Nov 20, 2011	3 Yrs
27	S.M. PARVEZ ALAM	Shareholder	10,000	0.69	May 08, 2011	3 Yrs
			300,000		Nov 20, 2011	3 Yrs
28	MOHAMMAD ABDUL MANNAN	Shareholder	10,000	0.24	May 08, 2011	3 Yrs
			100,000		Nov 20, 2011	3 Yrs
29	MD. NIZAM UDDIN	Shareholder	10,000	0.47	May 08, 2011	3 Yrs
			200,000		Nov 20, 2011	3 Yrs
30	BIJAN PAUL	Shareholder	10,000	0.69	May 08, 2011	3 Yrs
			300,000		Nov 20, 2011	3 Yrs
31	TAREQ HASAN JEWEL	Shareholder	10,000	0.69	May 08, 2011	3 Yrs
			300,000		Nov 20, 2011	3 Yrs
32	NASIR UDDIN SHOHEL	Shareholder	10,000	0.47	May 08, 2011	3 Yrs
			200,000		Nov 20, 2011	3 Yrs
33	MD. SAIFUL ALAM	Shareholder	10,000	0.44	May 08, 2011	3 Yrs

			190,000		Nov 20, 2011	3 Yrs
34	SWADESH INVESTMENT MGT LTD.	Shareholder	10,000	4.43	May 08, 2011	3 Yrs
			1,990,000		Nov 20, 2011	3 Yrs
35	MD. KHALILUR RAHMAN	Shareholder	10,000	0.49	May 08, 2011	3 Yrs
			210,000		Nov 20, 2011	3 Yrs
36	MD.SOHEL RANA	Shareholder	10,000	0.55	May 08, 2011	3 Yrs
			240,000		Nov 20, 2011	3 Yrs
37	MOSHIUR RAHMAN	Shareholder	10,000	0.55	May 08, 2011	3 Yrs
			240,000		Nov 20, 2011	3 Yrs
38	MD. SHARIFUL ISLAM	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
39	MD. SYEDUZZAMAN	Shareholder	10,000	0.66	May 08, 2011	3 Yrs
			290,000		Nov 20, 2011	3 Yrs
40	TASNEEM AFROZE	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
41	MOHAMMAD MAINUR RAHMAN BHUIYAN	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
42	AFSAR UZ ZAMAN	Shareholder	10,000	1.11	May 08, 2011	3 Yrs
			490,000		Nov 20, 2011	3 Yrs
43	MD. MOMEN UDDIN	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
44	MD. KHALID HOSSAIN KHAN	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
			60,000		May 08, 2011	3 Yrs
45	AFROZA ZAMAN	Shareholder	90,000	0.33	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
46	MD. SHEIKH SAADI	Shareholder	90,000	0.22	Nov 20, 2011	3 Yrs
			20,000		May 08, 2011	3 Yrs
47	MD. ABDUL WAHAB	Shareholder	280,000	0.66	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
48	ASHRAF UL ANAM	Shareholder	40,000	0.11	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
49	MOHAMMED SHAHJAHAN	Shareholder	90,000	0.22	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
50	MASUDUL ALAM	Shareholder	140,000	0.33	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
51	MOZAMMEL HOQUE	Shareholder	140,000	0.33	Nov 20, 2011	3 Yrs
			60,000		May 08, 2011	3 Yrs
52	SHOHEL MUSTAFA BHUIYAN	Shareholder	90,000	0.33	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
53	EMDADUR RAHMAN	Shareholder	40,000	0.11	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
54	MD. MUKTER HOSSAIN TALUKDER	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
55	S. M. DIDARUL ALAM	Shareholder	140,000	0.33	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
56	MOHAMMAD ZAKIR HOSSAIN	Shareholder	150,000	0.35	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
57	SALEH MOHAMMAD	Shareholder	90,000	0.22	Nov 20, 2011	3 Yrs
			60,000		May 08, 2011	3 Yrs
58	MRS. ASMA NAWSHER	Shareholder	90,000	0.33	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
59	MRS. UMMAY QULSUM	Shareholder	70,000	0.18	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
60	KH. RASHEDUL ISLAM	Shareholder	290,000	0.66	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
61	MD. GOLAM FARUK	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
62	MD. SAFIQUL ISLAM MAHMUD	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
63	KH. ATIKUR RAHMAN	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
64	IMTIAZ AHMED	Shareholder	190,000	0.44	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
65	ARJU MAN BANU	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
66	AHMED KABIR MAJUMDER	Shareholder	490,000	1.11	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
67	MD. SHARIFUL ISLAM	Shareholder	490,000	1.11	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
68	HOQ. MAHBUB MORSHED	Shareholder	90,000	0.22	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
69	HOQUE Mahtab Morshed	Shareholder	90,000	0.22	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
70	NASIR AHMMED	Shareholder	90,000	0.22	Nov 20, 2011	3 Yrs
			10,000		May 08, 2011	3 Yrs
71	NARGIS AKTER	Shareholder	190,000	0.44	Nov 20, 2011	3 Yrs

72	EASTERN BANK LTD.	Shareholder	10,000	4.43	May 08, 2011	3 Yrs
			1,990,000		Nov 20, 2011	3 Yrs
73	SHAMSUN NAHAR CHOWDHURY (LOPA)	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
74	SHAMALY MUSTAFA	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
75	MD. RUHUL AMIN	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
76	GARMENTS EXPORT VILLAGE LTD.	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
77	SABBIR AHMED	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
78	MAHBUBUR RAHMAN	Shareholder	10,000	0.55	May 08, 2011	3 Yrs
			240,000		Nov 20, 2011	3 Yrs
79	SYED GOLAM KIBRIA	Shareholder	10,000	0.55	May 08, 2011	3 Yrs
			240,000		Nov 20, 2011	3 Yrs
80	SHAIKH MOSTAFIZUR RAHMAN	Shareholder	10,000	0.66	May 08, 2011	3 Yrs
			290,000		Nov 20, 2011	3 Yrs
81	MUNIR AHMED MORSHED	Shareholder	10,000	0.33	May 08, 2011	3 Yrs
			140,000		Nov 20, 2011	3 Yrs
82	HAMIDA KHATUN SIDDIQUA	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
83	SYED SAFIR UDDIN	Shareholder	10,000	0.33	May 08, 2011	3 Yrs
			140,000		Nov 20, 2011	3 Yrs
84	S. M. SAIFUR RAHMAN	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
85	MD. ZIA UDDIN	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
86	MD. ARIFUR RAHMAN	Shareholder	10,000	0.27	May 08, 2011	3 Yrs
			110,000		Nov 20, 2011	3 Yrs
87	MD. AFZAL	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
88	KAZI FAISAL AKBAR	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
89	MRS. ROMANA ROUF CHOWDHURY	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
90	KAZI KAISAR AKBAR	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
91	TOFAEL AHAMMED	Shareholder	10,000	0.11	May 08, 2011	3 Yrs
			40,000		Nov 20, 2011	3 Yrs
92	MOHD. AYUB	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			90,000		Nov 20, 2011	3 Yrs
93	MOHAMMAD NIZAM UDDIN	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
94	CHITTARANJAN DEB NATH	Shareholder	10,000	0.22	May 08, 2011	3 Yrs
			80,000		Nov 20, 2011	3 Yrs
			10,000		July 10, 2013	3 Yrs
95	MD. ABDUS SATTER BISWAS	Shareholder	100,000	0.22	May 08, 2011	3 Yrs
96	MRS. SELIMA KHATUN	Shareholder	20,000	0.04	May 08, 2011	3 Yrs
97	SAMIR RAY	Shareholder	10,000	0.02	May 08, 2011	3 Yrs
98	MD. ABDUL WADUD	Shareholder	5,000	0.07	May 08, 2011	3 Yrs
			25,000		Nov 20, 2011	3 Yrs

*[From issue date of Prospectus]

SECTION XXIII: SUBSCRIPTION, REFUND AND ALLOTMENT**REFUND OF SUBSCRIPTION MONEY:**

As per BSEC Notification Dated February 9, 2010, the issuer shall refund application money to the unsuccessful applicant of the public offer by any of the following manner based on the option given by the applicant in the application form;-

- (a) Through banking channel for onward deposit of the refund money into the applicant's bank account as provided in the respective application form for subscription; or
- (b) Through issuance of refund warrant in the name and address of the applicant as provided in the respective application form for subscription:

Provided that, in case of deposit into the applicant's bank account, the applicant will bear the applicable service charge, if any, of the applicant's banker, and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and amount remitted with details of the bank through and to which bank such remittance has been effected.

SUBSCRIPTION BY AND REFUND TO NON-RESIDENT BANGLADESHI (NRB)

1. A Non-Resident Bangladeshi shall apply either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encashment certificate issued by the concern bank, for the value of Securities applied for through crossed bank cheque marking "Account Payee only".
2. The value of Securities applied for by such person may be paid in Taka or US Dollar, UK Pound Sterling or Euro at the rate of exchange mentioned in the securities application form.
3. Refund against over subscription shall be made in the currency in which the value of securities was paid for by the applicant through Account Payee bank cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form. If the applicant's bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue as mentioned above, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application forms.

ALLOTMENT

The Company shall issue share allotment letters to all successful applicants within 5 (five) weeks from the date of the subscription closing date. At the same time, the unsuccessful applicants shall be refunded with the application money within 5 (five) weeks from the closing of the subscription date by crediting directly to the recipients' bank accounts. A compliance report shall be submitted with the Commission within 7(seven) weeks from the date of closure of subscription.

SECTION XXIV: AVAILABILITY OF SECURITIES

IPO will be 35,000,000 ordinary shares @ TK. 10.00 each at par totaling Tk. 35,000,000.00. As per the Securities and Exchange Commission (Public Issue) Rules, 2006, 10% of total Initial Public Offering shall be reserved for non-resident Bangladeshi (NRB) and 10% for mutual funds and collective investment schemes registered with the commission and 20% of total initial public offering shall be reserved for affected small investors and remaining 60% shall be open for subscription by the general public. The position is thus as follows:

I. Securities

	Securities	Number of shares	Total amount (Tk.)
A	20% of IPO of Ordinary Shares are reserved for affected small investors ((ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী))	7,000,000	70,000,000.00
B	10% of IPO of Ordinary Shares are reserved for Non-Resident Bangladeshis (NRB)	3,500,000	35,000,000.00
C	10% of IPO of Ordinary Shares are reserved for Mutual Funds	3,500,000	35,000,000.00
D	Remaining 60% of IPO of Ordinary Shares are reserved for General Public	21,000,000	210,000,000.00
	Total	35,000,000	350,000,000.00

- All as stated in I[A], I[B], I[C] and I[D] shall be offered for subscription and subsequent allotment by the Issuer, subject to any restriction, which may be imposed, from time to time, by the Securities and Exchange Commission.
- In case of over-subscription, under any of the categories mentioned in the clause I[A], I[B], I[C] and I[D], the Issue Managers shall conduct an open lottery of all the applications received under each category separately in accordance with the letter of consent issued by the Securities and Exchange Commission.
- In case of under-subscription, under any of the 20% and 10% category as mentioned in clause I[A], I[B], and I[C] the unsubscribed portion shall be added to the general public category, and, if after such addition there is over-subscription in the general public category the issuer and the issue managers shall jointly conduct an open lottery of all the applicants added together.
- In case of under-subscription of the public offering, the unsubscribed portion of shares shall be taken up by the underwriter(s).
- The lottery as stated in clause (3) and (4) should be conducted in the presence of the representatives of Issuer, Stock Exchange(s) and the applicants, if there be any.

SECTION XXV: ISSUE MANAGER & UNDERWRITER

MANAGER TO THE ISSUE:

AFC Capital Limited (Issue Manager), Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000, **Imperial Capital Limited** (Co-Issue Manager), Saiham Sky View Tower, 45 Bijoy Nagar (3rd Floor), Dhaka-1000. shall get Tk. 2,000,000.00 (Taka Twenty Lac Only) (AFCCL-Tk. 10.00 Lac & ICL-Tk. 10.00 Lac) as issue management fee.

UNDERWRITERS:

The Initial Public Offering (IPO) is for 35,000,000 ordinary shares Tk. 10.00 each at par amounting to Tk. 350,000,000.00 of Tung Hai Knitting and Dyeing Limited. As per the guidelines of the Bangladesh Securities and Exchange Commission, 50% of the said amount i.e. 17,500,000 ordinary shares of Tk. 10.00 each at par amounting to Tk. 175,000,000.00 has been underwritten by the following underwriters:

SL	Name of the Underwriter	No. of Shares underwritten	Amount of Underwritten (Tk.)
1	Alpha Capital Management Ltd	3,500,000	35,000,000
2	AFC Capital Limited	3,500,000	35,000,000
3	BMSL Investment Limited	3,500,000	35,000,000
4	Eastern Bank Limited	3,500,000	35,000,000
5	Swadesh Investment Management Limited	3,500,000	35,000,000
	Totals	17,500,000	175,000,000

1. If and to the extent that the shares offered to the public by a prospectus authorized hereunder shall not have been subscribed and paid for in cash in full by the closing date, the Company shall within 10 (ten) days of the closure of subscription call upon the underwriter in writing with a copy of said writing to the Bangladesh Securities and Exchange Commission, to subscribe for the shares not subscribed by the closing date and to pay for in cash in full for such subscribed shares in cash in full within 15 (fifteen) days of the date of said notice and the said amount shall have to be credited into shares subscription account within the stipulated period.
2. If payment is made by Cheque / Bank Draft by the underwriter it will be deemed that the underwriter has not fulfilled his obligation towards his underwriting commitment under the agreement, until such time as the Cheque / Bank Draft has been en-cashed and the Company's account credited.
3. In any case within 7 (seven) days after the expiry of the aforesaid 15 (fifteen) days, the Company shall send proof of subscription and payment by the underwriter to the Commission.
4. In case of failure by the underwriter to pay for the shares under the terms mentioned above, the said underwriter will not be eligible to underwrite any issue, until such time as they fulfil their underwriting commitment under the agreement and also other penalties as may be determined by the Commission may be imposed on them.
5. In case of failure by any underwriter to pay for the shares within the stipulated time, the Issuer will be under no obligation to pay any underwriting commission under the agreement.
6. In case of failure by the Company to call upon the underwriter for the aforementioned purpose within the stipulated time, the Company and its Directors shall individually and collectively be held responsible for the consequences and/or penalties as determined by the Bangladesh Securities and Exchange Commission under the law may be imposed on them.

RIGHT OF UNDERWRITERS ON COMPANY'S BOARD:

Underwriters have not acquired any right to have their representatives in the Board of Directors of the Company.

COMMISSION FOR UNDERWRITERS

The Company shall pay to the underwriters an underwriting commission at the rate of 0.50% of 50% of the total IPO amount of the issue value of shares underwritten by them.

SECTION XXVI: APPLICATION FOR SUBSCRIPTION

1. Application for shares may be made for a minimum lot for **500** Ordinary shares to the value of **Tk. 5,000/- (Taka Five Thousand Only)** and should be made on the Company's Printed Application Forms. Application Forms and Prospectus may be obtained from the Registered Office of the Company, members of Dhaka Stock Exchange Limited, Chittagong Stock Exchange Limited, or from the Bankers to the issue. In case, adequate forms are not available, applicants may use photocopied/ cyclostyled/ handwritten/typed copies of the forms. Applications must not be for less than **500** shares. Any application not meeting this criterion will not be considered for allotment purpose.
2. Joint application form for more than two persons will not be accepted. In the case of joint application each party must sign the application form.
3. Application must be in full name of individuals or limited companies or trusts or societies and not in the name of firms, minors or persons of unsound mind. Applications from insurance, financial and market intermediary companies and limited companies must be accompanied by Memorandum and Articles of Association.
4. **An applicant cannot submit more than two applications, one in his/her own name and the other jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition, 15% (fifteen) of the application money will be forfeited by the Commission and the balance amount will be refunded to the applicant.**
5. **The applicant shall provide with the same bank account number in the application form as it is in the BO account of the application.**
6. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% of their subscription money too.**
7. An IPO applicant shall ensure his/her BO account remains operational till the process of IPO (including securities allotment or refund of IPO application) is completed. If any BO account mentioned in the IPO application is found closed, the allotted security may be forfeited by BSEC.
8. Bangladeshi Nationals (including non-resident Bangladeshi Nationals working abroad) and Foreign Nationals shall be entitled to apply for shares.
9. Payment for subscription by investors other than Non-Resident Bangladeshi may be made to the said branches/office of the banks mentioned below in Cash/Cheque/Pay Order/Bank Draft. The Cheque/Pay Order/ Bank Draft shall be made payable to the bank to which it is sent and be marked **"Tung Hai Knitting and Dyeing Limited"** and shall bear the crossing **"Account Payee Only"** and must be drawn on a bank in the same town of the bank to which application form is deposited.
10. A Non-Resident Bangladeshi (NRB) shall apply against the IPO either directly by enclosing a foreign demand draft drawn on a bank payable at Dhaka, or through a nominee (including a Bank or a Company) by paying out of foreign currency deposit account maintained in Bangladesh, for the value of securities applied for.
The value of securities applied for may be paid in Taka, US Dollar or UK Pound Sterling or EURO at the spot Buying (TT Clean) rate of exchange prevailing on the date of opening of subscription. Refund against oversubscription of shares shall be made in the currency in which the value of shares applied for was paid by the applicant. Share application form against the quota for NRB shall be sent by the applicant directly along with a draft or cheque to the Company at its registered office. Copies of application form and prospectus shall be available with the Bangladesh Embassy/High Commission in USA, UK, Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain, Malaysia and South Korea and web site of the issuer, issue manager, DSE, CSE and the BSEC.

11. All completed application forms together with remittances for the full amount payable on application shall be lodged by investors other than Non-Resident Bangladeshis with any of the branches of the Bankers to the Issue.
12. The IPO subscription money collected from investors (other than Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or EURO) by the bankers to the issue will be remitted to the “**Tung Hai Knitting and Dyeing Limited**”, **Supreme (STD) A/C No. 003513100000635** with **Southeast Bank Limited**, Shyamoli Branch, Dhaka-1207, Bangladesh for this purpose.
13. The subscription money collected from Non-Resident Bangladeshis in US Dollar or UK Pound Sterling or EURO shall be deposited to three FC accounts opened by the Company for IPO purposes are as follows:

Sl.	Name of the FC Accounts	Currency	Account No.	Bank
1.	Tung Hai Knitting and Dyeing Ltd.	US Dollar	003515100000189	Southeast Bank Limited, Shyamoli Branch
2.	Tung Hai Knitting and Dyeing Ltd.	GB Pound	003516200000001	
3.	Tung Hai Knitting and Dyeing Ltd.	EURO	003516300000002	

14. In the case of over-subscription of securities to the NRB applicants, refund shall be made by Tung Hai Knitting and Dyeing Limited out of the “FC Account for IPO NRB Subscription”. Tung Hai Knitting and Dyeing Limited has already opened the aforesaid FC Accounts and shall close these FC accounts after refund of over-subscription, if any.
15. তালিকাভুক্ত ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।”

APPLICATIONS NOT IN CONFORMITY WITH THE ABOVE REQUIREMENTS AND THE INSTRUCTIONS PRINTED ON THE APPLICANT FORM ARE LIABLE TO BE REJECTED.

Declaration about Listing of Shares with the Stock Exchange(s)

In case none of the stock exchange(s), if for any reason, grants listing within 75 days from the closure of subscription, any allotment in terms of this prospectus shall be void and the company shall refund the subscription money within fifteen days from the date of refusal for listing by the stock exchanges, or from the date of expiry of the said 75 (seventy five) days, as the case may be.

In case of non-refund of the subscription money within the aforesaid fifteen days, the company's directors, in addition to the issuer company, shall be collectively and severally liable for refund of the subscription money, with interest at the rate of 2% (two percent) per month above the bank rate, to the subscribers concerned.

The issue manager, in addition to the issuer company, shall ensure due compliance of the above mentioned conditions and shall submit compliance report thereon to the Commission within seven days of expiry of the aforesaid fifteen days time period allowed for refund of the subscription money.”

Trading and Settlement

Trading and settlement regulation of the stock exchanges shall apply in respect of trading and settlement of the shares of the company.

THE ISSUE SHALL BE PLACED IN CATEGORY “N” WITH DSE AND CSE

SECTION XXVII: BANKERS TO THE ISSUE

<p><u>Jamuna Bank Limited</u> Mohakhali Branch, Dhaka Kushtia Branch, Kushtia Rajshahi Branch, Rajshahi Sonargong Road Branch, Dhaka Motijheel Branch, Dhaka Bogra Branch, Bogra Dilkhusa Branch, Dhaka Dholikhal Branch, Dhaka Jubilee Road Branch, Ctg. Shantinagar Branch, Dhaka Banani Branch, Dhaka Khatungonj Branch, Ctg. Gulshan Branch, Dhaka Uttara Branch, Dhaka Comilla Branch, Comilla Dhanmondi Branch, Dhaka Mirpur Branch, Dhaka Feni Branch, Feni Islampur Branch, Dhaka Malibagh Branch, Dhaka Jessore Branch, Jessore Moulvibazar Branch, Dhaka Narayanganj Branch, Narayanganj Barishal Branch, Barishal Ring Road Branch, Dhaka Agrabad Branch, Ctg. Sylhet Branch, Sylhet Naogaon Branch, Naogaon</p> <p><u>Eastern Bank Limited</u> Motijheel Branch, Dhaka Moulvibazar Branch, Sylhet Khulna Branch Banasree Branch, Dhaka Uttara Garib-E-Newaz Branch, Dhaka Rajshahi Branch Moghbar Branch, Dhaka Chandgon Branch, Ctg. Savar Branch, Dhaka Bashundhara Branch, Dhaka Chouhatta Branch, Sylhet Jessore Branch Shamoly Branch, Dhaka Uttara Branch, Dhaka Mirpur Dar-Us-Salam Road Branch, Dhaka Narayanganj Branch Panchlailash Branch, Ctg. O. R. Nizam Road Branch, Ctg. Jubilee Road Branch, Ctg. Bogra Branch Upashahar Branch, Sylhet Mymensingh SME Branch Halishahar Branch, Ctg.</p> <p><u>Islami Bank Bangladesh Limited</u> Local Office, Dhaka (Controlling Branch) Khatungonj Branch, Ctg. Feni Branch Foreign Exchange Branch, Dhaka Cox's Bazar Branch Sylhet Branch Motijheel Branch, Dhaka Khulna Branch New Market Branch, Dhaka Farmagate Branch, Dhaka Barisal Branch Mouchak Branch, Dhaka Nawabpur Road Branch, Dhaka Jessore Branch Jatrabari Branch, Dhaka Gulshan Branch, Dhaka Bogra Branch Uttara Branch, Dhaka Narayanganj Branch Rajshahi Branch Shyamoli Branch, Dhaka Mirpur Branch, Dhaka Dinajpur Branch Moulvi Bazar Branch Chawak Mugaltuly Branch, Dhaka Comilla Branch Kustia Branch Agrabad Branch, Ctg. Chowmuhami Branch, Noakhali Pabna Branch</p>	<p><u>The City Bank Limited</u> B.B. Avenue Branch, Dhaka Pragati Sarani Branch, Dhaka Narsingdi Branch, Narsingdi Principal Office Branch, Dhaka Bangabandhu Road Branch, Narayanganj Zinda Bazar Branch, Sylhet Dhanmondi Branch, Dhaka Zinzira Branch, Dhaka Bandar Bazar Branch, Sylhet Shaymoli Branch, Dhaka Tongi Branch, Gazipur Amborkhana Branch, Sylhet Imamgonj Branch, Dhaka Agrabad Branch, Ctg. Moulvi Bazar Branch, Sylhet Johnson Road Branch, Dhaka Jubilee Road Branch, Ctg. Rajshahi Branch, Rajshahi Kawran Bazar Branch, Dhaka Khatungonj Branch, Ctg. Bogra Branch, Bogra New Market Branch, Dhaka Andarkilla Branch, Ctg. Rangpur Branch, Rangpur VIP Road Branch, Dhaka Cox's Bazar Branch, Ctg. Sirajgonj Branch, Sirajgonj Islampur Branch, Dhaka Chawkbazar Branch, Ctg. Khulna Branch, Khulna Nawabgonj Branch, Dhaka Pahartoli Branch, Ctg. Jessore Branch, Jessore Nawabpur Branch, Dhaka Comilla Branch, Comilla Barisal Branch, Barisal</p> <p><u>Mercantile Bank Limited</u> Main Branch, Dhaka Jubilee Road Branch, Ctg. Mogbazar Branch, Dhaka Dhanmondi Branch, Dhaka Elephant Road Branch, Dhaka Beani Bazar Branch, Sylhet Kawran Bazar Branch, Dhaka Motijheel Branch, Dhaka Barishal Branch, Barishal. Agrabad Branch, Ctg. Madam Bibir Hat Branch, Ctg. Comilla Branch, Comilla Banani Branch, Dhaka Khulna Branch, Khulna Green Road Branch, Dhaka Rajshahi Branch, Rajshahi Rangpur Branch, Rangpur Sheikh Mujib Road Branch, Ctg. Naogaon Branch, Naogaon Satmashjid Road Branch, Dhaka Engineer's Institution Branch, Dhaka Sylhet Branch, Sylhet O.R. Nizam Road Branch, Ctg. Mazar Road Branch, Mirpur, Dhaka Board Bazar Branch, Gazipur Bogra Branch, Bogra Dinajpur Branch, Dinajpur Naya Bazar Branch, Dhaka Gulshan Branch, Dhaka Jessore Branch, Jessore Khatungonj Branch, Ctg. Feni Branch, Feni Pragoti Sarani Branch, Dhaka Mohakhali Branch, Dhaka Moulvibazar Branch, Moulvibazar Ctg. EPZ Branch, Ctg. Mirpur Branch, Dhaka Bijoy Nagar Branch, Dhaka Narayanganj Branch, Narayanganj Uttara Branch, Dhaka</p>	<p><u>Southeast Bank Limited</u> Principal Branch, Dhaka Mouchak Branch, Dhaka Feni Branch, Feni Corporate Branch, Dhaka Konabari Branch (Rural), Gazipur Pahartali Branch, Ctg. Imamganj Branch, Dhaka Tongi Branch, Gazipur Bashurhat Branch (Rural), Noakhali Dhanmondi Branch, Dhaka Bashundhara Branch, Dhaka Momin Road Branch, Ctg. Uttara Branch, Dhaka Mohammadpur Branch, Dhaka Rangpur Branch, Rangpur New Elephant Road Branch, Dhaka Madambibir Hat Branch, Ctg. Bogra Branch, Bogra Gulshan Branch, Dhaka Comilla Branch, Comilla Jessore SME Branch, Jessore Kakrail Branch, Dhaka Munshigonj Branch Barisal Branch, Barisal Banani Branch, Dhaka Chouhatta Branch, Sylhet Dhania Branch (Rural) Bangshal Branch, Dhaka Laldighirpaar Branch, Sylhet Naogaon Branch, Naogaon New Eskaton Branch, Dhaka Shahjalal Uposhahar Branch, Sylhet Bander Bazar Branch, Sylhet Pragati Sarani Branch, Dhaka Khulna Branch, Khulna Moulvibazar Branch, Moulvibazar Agargaon Branch, Dhaka Pathantula Branch, Sylhet Satkhira SME, Branch Sat Mashjid Road Branch, Dhaka Agrabad Branch, Ctg. Narsingdi SME, Branch Shaymoli Branch, Dhaka Khatungonj Branch, Ctg. Islampur Branch, Dhaka Aganagar Branch, Dhaka Jubilee Road Branch, Ctg. Kotwali Branch, Dhaka Karwan Bazar Branch, Dhaka Halishahar Branch, Ctg. Rajshahi Branch, Rajshahi Madhabdi Branch (Rural), Narahingdi Motijheel Branch, Dhaka Tangail SME, Branch Ashulia Branch (Rural), Dhaka Chowmuhami Branch, Noakhali Chapainawabganj Branch Narayanganj Branch, Narayanganj CDA Avenue Branch, Ctg. Dinajpur Branch, Dinajpur Rokeya Sharani Branch, Dhaka Cox's Bazar Branch, Cox's Bazar Hemayetpur Branch (Rural) Savar Branch, Dhaka Chagalaiya Branch, Feni Joydebpur Branch, (Rural)</p> <p><u>Investment Corporation of Bangladesh</u> Head Office, Dhaka Local Office, Dhaka Khulna Branch, Khulna Bogra Branch, Bogra Cittagong Branch, Chittagong. Barisal Branch, Barisal Rajshahi Branch, Rajshahi Sylhet Branch, Sylhet</p>	<p><u>National Bank Limited</u> Agrabad Branch, Ctg. Moakhali Branch, Dhaka Jessore Branch, Jessore Anderkilla Branch, Ctg. Mohammadpur Branch, Dhaka Jubilee Road Branch, Ctg. Asadgate Branch, Dhaka Motijheel Branch, Dhaka Kadomtoli Branch, Sylhet Babubazar Branch, Dhaka Moulvibazar Branch, Moulvibazar Karwan Bazar Branch, Dhaka Banani Branch, Dhaka Muradpur Branch, Ctg. KDA Branch, Khulna Bangshal Road Branch, Dhaka Mymensingh Branch, Mymensingh Khatungonj Branch, Ctg. Barisal Branch, Barisal Narayanganj Branch, Narayanganj Pabna Branch, Pabna Beani Bazar Branch, Sylhet Narsingdi Branch, Narsingdi Pagla Bazar Branch, Narayanganj Bhatary Branch, Ctg. Netaiganj Branch, Narayanganj Pahartali Branch, Ctg. Bogra Branch, Bogra New Eskaton Branch, Dhaka Patia Branch, Ctg. CDA Avenue Branch, Ctg. North Brook Hall Branch, Dhaka Pragati Sarani Branch, Dhaka Chaktai Branch, Ctg. Dilkhusa Branch, Dhaka Rajshahi Branch, Rajshahi Chandpur Natun Bazar Branch, Chandpur Elephant Road Branch, Dhaka Rifles Square Branch, Dhaka Chawik Bazar Branch, Ctg. Faridpur Branch, Faridpur Rokeya Sarani Branch, Dhaka Chowmuhami Branch, Noakhali Feni Branch, Feni S.K. Mojib Road Branch, Ctg. Comilla Branch, Comilla Foreign Exchange Branch, Dhaka Savar Bazar Branch, Savar, Dhaka Dhanmondi Branch, Dhaka Gazipur Branch, Gazipur Sunamgonj Branch, Sunamgonj Khulna Branch, Khulna Godagari Branch, Rajshahi Sylhet Branch, Sylhet Lake Circus Branch, Dhaka Gulshan Branch, Dhaka Tangail Branch, Tangail Madhupur Branch, Tangail Halishahar Branch, Ctg. Tongi Branch, Gazipur Malibagh Branch, Dhaka Imamganj Branch, Dhaka Uttara Branch, Dhaka Mirarsari Branch, Ctg. Islampur Branch, Dhaka Z.H. Sikder M.C Branch, Dhaka Mirpur Branch, Dhaka Jatrabari Branch, Dhaka Zindabazar Bazar, Sylhet</p>	<p><u>One Bank Limited</u> Principal Branch, Dhaka Motijheel Branch, Dhaka Karwan Bazar Branch, Dhaka Gulshan Branch, Dhaka Mirpur Branch, Dhaka Uttara Branch, Dhaka Dhanmondi Branch, Dhaka Banani Branch, Dhaka Kakrail Branch, Dhaka Pragoti Sarani Branch, Dhaka Elephant Road Branch, Dhaka Jatrabari Branch, Dhaka Nawabgonj Branch, Dhaka Bangshal Branch, Dhaka Ganakbari (EPZ) Branch, Savar Imamganj Branch, Dhaka Narayanganj Branch, Narayanganj Joypara Branch, Dhaka Khatungonj Branch, Ctg. CDA Avenue Branch, Ctg. Nanupur Bazar Branch, Ctg. Agrabad Branch, Ctg. Cox's Bazar Branch, Cox's Bazar Jubilee Road Branch, Ctg. Khulna Branch, Khulna Ring Road Branch, Dhaka Chowmuhami Branch, Noakhali Chandragonj Branch, Lakshmipur Feni Branch, Feni Raipur Branch, Lakshmipur Dagon Bhuayan Branch, Feni Sylhet Branch, Sylhet Sherpur Branch, Moulvi Bazar Islampur Branch, Sylhet Jessore Branch, Jessore Bogra Branch, Bogra Sirajgonj Branch, Sirajgonj Laksham Branch, Comilla Rangganj Branch, Laximipur Majidee Court Branch, Noakhali Banasree Branch, Dhaka Rajshahi Branch, Rajshahi Shahjadpur Branch, Sirajgonj Jagannathpur Branch, Dhaka Tongi Branch, Gazipur Comilla Branch, Comilla Basabo Branch, Dhaka Satkhira Branch, Satkhira Madhabdi Branch, Narsingdi Rangamati Branch, Rangamati Sitakunda Branch, Ctg. Moghbar Branch, Dhaka Laldighirpaar Branch, Sylhet Rangpur Branch, Rangpur</p>
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SECTION XXVIII: MATERIAL CONTRACTS AND OTHERS**MATERIAL CONTRACTS**

The following are material contracts in the ordinary course of business, which have been entered into by the Company:

- (a) Underwriting Agreement between the Company and the Underwriters.
- (b) Issue Management Agreement between the Company and Issue Manager, AFC Capital Limited (AFCCL-Tk. 10.00 Lac) and Co-Issue Manager, Imperial Capital Limited (ICL-Tk. 10.00 Lac).

Copies of the above mentioned contracts and documents and the Consent Order from the Bangladesh Securities and Exchange Commission may be inspected on any working day during office hours at the Company's Registered Office.

COMMISSION TO THE BANKERS TO THE ISSUE

Commission at the rate of 0.10% of the amount collected will be paid to the Bankers to the Issue for the services to be rendered by them.

SECTION XXIX: CORPORATE DIRECTORY

Registered Office	TUNG HAI KNITTING AND DYEING LIMITED 30/2 Darus Salam Road, Industrial Plot-2C/I-B, Mirpur-01, Dhaka-1216 Phone: +88-02-900 6502-3; +88-02-901 0398; +88-02-801 1611, Fax: +88-02-9006501
Auditors	MEHFEL HUQ & CO. Chartered Accountants BGIC Tower (4th Floor) 34, Topkhana Road Dhaka-1000. Tel: +88-02- 7171316; +88-02- 9553143
Issue Manager	AFC CAPITAL LIMITED Tanaka Tower (2nd Floor), 42/1/Gha, Segun Bagicha, Dhaka-1000 Tel: 7120795, 7121348 Fax: 7121348, 9550040 Website: www.afccapital.org
Co- Issue Manager	IMPERIAL CAPITAL LIMITED Saiham Sky View Tower, 45 Bijoy Nagar (3 rd Floor), Dhaka-1000. Tel: +88-02-9361870, Fax: +88-02-9361870 Website: www.imperialcapital.org
Lead Banker	SOUTHEAST BANK LIMITED Shyamoli Branch, Dhaka-1207
Bankers to the Issue	<ol style="list-style-type: none"> 1. Jamuna Bank Limited 2. Eastern Bank Limited 3. The City Bank Limited 4. Mercantile Bank Limited 5. Southeast Bank Limited 6. National Bank Limited 7. Investment Corporation of Bangladesh 8. Islami Bank Bangladesh Limited 9. One Bank Limited
Underwriters	<ol style="list-style-type: none"> 1. AFC Capital Limited 2. Alpha Capital Management Ltd 3. BMSL Investment Limited 4. Eastern Bank Limited 5. Swadesh Investment Management Limited
Company Secretary	Mizanur Rahman Mridha

*All investors are hereby informed that **Mr. Mizanur Rahman Mridha, Company Secretary**, would be designated as Compliance Officer who will monitor the compliance of the acts, rules, regulations, notification, guidelines, conditions, orders/directions etc. issued by the Commission and/or Stock Exchange(s) applicable to the conduct of the business activities of the Company so as to promote the interest of the investors in the security issued by the Company, and for redressing investors' grievances.

**SECTION XXX: Information included as per BSEC's notification no.
SEC/CMRRCD/2008/115/admin/30 dated October 05, 2011**

1. Earnings per Share (EPS) on fully diluted basis (The total existing no. of shares):

Particulars	Amount in Taka
Net profit after Tax	62,644,321
No. of shares before IPO	45,130,000
Earnings per Share (EPS)	1.39

2. Net profit excluding Extra-ordinary income or non-recurring income coming from other than core operations:

Particulars	Amount in Taka
Net profit before Tax	51,773,831
Less: Other Income	411,364
Net profit before tax except other income	51,362,467
Less: Provision for Taxation	7,704,370
Net profit after tax except other income	43,658,097

3. Earnings per shares excluding extra-ordinary income or non-recurring income coming from other than core operations:

Particulars	Amount in Taka
Net profit before Tax	51,773,831
Less: Other Income	513,741
Net profit before tax except other income	51,260,090
Less: Provision for Taxation	7,689,013
Net profit after tax except other income	43,571,076
No. of shares before IPO	45,130,000
Earnings per Share (EPS)	1.14

4. Net Asset Value per Share:

a) Net Asset Value with Revaluation Reserve:

b) Net Asset Value without Revaluation Reserve:

Particulars	Amount in Taka
Paid-up Capital	451,300,000
Revaluation Reserve	30,568,721
Retained Earnings	200,247,277
Total Shareholders' Equity (with Revaluation Reserve)	682,115,998
Total Shareholders' Equity (without Revaluation Reserve)	651,547,277
Total Number of Ordinary Share	45,130,000
a) Net Assets Value (NAV) at BDT 10.00 per share (with Revaluation Reserve)	15.11
b) Net Assets Value (NAV) at BDT 10.00 per share (without Revaluation Reserve)	14.44

SECTION XXXI: APPLICATION FORMS

"শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND THAT COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGER"

TUNG HAI KNITTING AND DYEING LIMITED

Application Form

APPLICATION FOR SHARES BY INVESTORS OTHER THAN NON-RESIDENT BANGLADESHI(S)

Warning: Please read the instructions on the back of this form. Incorrectly filled applications or application failing to comply with any instructions therein may be rejected.

The Managing Director

Tung Hai Knitting and Dyeing Limited
30/2, Darus Salam Road, Industrial Plot # 2C/1-B,
Mirpur-I, Dhaka-1216

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me / us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the company. Further, I/we authorize you to place my / our name (s) on the Register of Member (s) of the Company and deposit the said ordinary Shares to my / our Depository Beneficiary Owner (BO) Account and/or a Crossed (A/C Payee Only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of ordinary shares of Tk. 10/- each.

2. Amount of Tk. (in figure)..... Taka (in words)only deposited vide Cash/Cheque/ Draft/Pay Order No..... Dated.....On.....BankBranch.

3. Beneficiary Owner (BO) Account No.

{If you do not mention your valid depository (BO) account, your application will be treated as invalid.}

4. I/we agree to fully abide by the instruction given herein.

5. Particulars of Applicant(s):

a) Sole/First Applicant:

Name:		
Father's /Husband's Name:		
Mother's Name:		
Postal Address:		
Occupation:	Nationality: BANGLADESHI	Telephone No. (If any):
For Refund Warrant: (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch.		
For refund purpose: I/We want refund through <input type="checkbox"/> Bank Account* <input type="checkbox"/> Hand Delivery/Courier (Please put tick mark in which refund will be made).		
*The Applicant shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.		
In case of deposit in to the applicants Bank Account, the applicant will bear the applicable charge, if any, of the applicants banker and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and the amount remitted with details of the bank through and to which bank such remittance has been effected.		
For Refund: Applicant's Bank A/C No.:		
Name of the Bank:	Branch:	

b) Second Applicant:

Name:		
Father's /Husband's Name:		
Mother's Name:		
Postal Address:		
Occupation:-	Nationality: BANGLADESHI	Telephone No. (If any):

06. I/we hereby declare that I/We have read the Prospectus of **Tung Hai Knitting and Dyeing Limited** and have willingly subscribed for.....No. of Shares of **Tk. 10/-** each on this form.

07. Specimen Signature(s):

Ist Applicant: Name(in Block Letters)	Signature:
2nd Applicant: Name(in Block Letters)	Signature:

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk. (in figure).....(in word).....only from Mr./ Mrs./Ms..... being the Application Money for..... Nos. Ordinary Shares of **Tung Hai Knitting and Dyeing Limited**

Banker's Sl. No.

Seal and Date

Authorized Signature
(Name & Designation)



AFC CAPITAL LIMITED



IMPERIAL CAPITAL LIMITED

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or typed copy/hand written form thereof.
4. Application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** Ordinary Shares. Any Application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of Cash/ Cheque/ Bank Draft/ Pay Order payable to one of the Bankers to the Issue A/C **"Tung Hai Knitting and Dyeing Limited"** and crossed **"A/C Payee only"** and must be drawn on a Bank in the same town as the Bank to which the Application Form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application form for more than two persons will not be accepted. In case of joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition 15% (Fifteen percent) of the application money will be forfeited by the Commission and the balance amount will be refunded to the application.**
10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgment to the Issue for Application lodged with them.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and the name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission (BSEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purpose.
15. The Banker's to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
16. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until 25(Twenty Five) days after the prospectus has been published.**
17. **The applicants who have applied for more two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (Fifteen percent) of their subscription money too.**

BANKERS TO THE ISSUE

<u>Jamuna Bank Limited</u> Mohakhali Branch, Dhaka Kushtia Branch, Kushtia Rajshahi Branch, Rajshahi Sonargong Road Branch, Dhaka Motijheel Branch, Dhaka Bogra Branch, Bogra Dilkhusha Branch, Dhaka Dholikhali Branch, Dhaka Jublee Road Branch, Ctg. Shantinagar Branch, Dhaka Banani Branch, Dhaka Khatungonj Branch, Ctg. Gulshan Branch, Dhaka Uttara Branch, Dhaka Comilla Branch, Comilla Dhanmondi Branch, Dhaka Mirpur Branch, Dhaka Feni Branch, Feni Islampur Branch, Dhaka Malibagh Branch, Dhaka Jessore Branch, Jessore Moulvibazar Branch, Dhaka Narayanganj Branch, Narayanganj Barishal Branch, Barishal Ring Road Branch, Dhaka Agrabad Branch, Ctg. Sylhet Branch, Sylhet Naogaon Branch, Naogaon	<u>The City Bank Limited</u> B.B. Avenue Branch, Dhaka Pragati Sarani Branch, Dhaka Narsingdi Branch, Narsingdi Principal Office Branch, Dhaka Bangabandhu Road Branch, Narayanganj Zinda Bazar Branch, Sylhet Dhanmondi Branch, Dhaka Zinzira Branch, Dhaka Bandar Bazar Branch, Sylhet Shaymoli Branch, Dhaka Tongi Branch, Gazipur Amborkhana Branch, Sylhet Imamgonj Branch, Dhaka Agrabad Branch, Ctg. Mouli Bazar Branch, Sylhet Johnson Road Branch, Dhaka Jubilee Road Branch, Ctg. Rajshahi Branch, Rajshahi Kawran Bazar Branch, Dhaka Khatungonj Branch, Ctg. Bogra Branch, Bogra New Market Branch, Dhaka Andarkilla Branch, Ctg. Rangpur Branch, Rangpur VIP Road Branch, Dhaka Cox's Bazar Branch, Ctg. Sirajgonj Branch, Sirajgonj Islampur Branch, Dhaka Chawkbazar Branch, Ctg. Khulna Branch, Khulna Nawabgonj Branch, Dhaka Pahartoli Branch, Ctg. Jessore Branch, Jessore Nawabpur Branch, Dhaka Comilla Branch, Comilla Barisal Branch, Barisal	<u>Southeast Bank Limited</u> Principal Branch, Dhaka Mouchak Branch, Dhaka Feni Branch, Feni Corporate Branch, Dhaka Konabari Branch (Rural), Gazipur Pahartali Branch, Ctg. Imamganj Branch, Dhaka Timgan Branch, Gazipur Bashurhat Branch (Rural), Noakhali Dhanmondi Branch, Dhaka Bashundhara Branch, Dhaka Momin Road Branch, Ctg. Uttara Branch, Dhaka Mohammadpur Branch, Dhaka Rangpur Branch, Rangpur New Elephant Road Branch, Dhaka Madambir Hat Branch, Ctg. Bogra Branch, Bogra Gulshan Branch, Dhaka Comilla Branch, Comilla Jessore SME Branch, Jessore Kakrail Branch, Dhaka Munshigonj Branch Barisal Branch, Barisal Banani Branch, Dhaka Chouhatta Branch, Sylhet Dhania Branch (Rural) Bangladesh Branch, Dhaka Laldighirpar Branch, Sylhet Naogaon Branch, Naogaon New Eskaton Branch, Dhaka Shahjalal Uposahar Branch, Sylhet Bandar Bazar Branch, Sylhet Pragati Sarani Branch, Dhaka Khulna Branch, Khulna Moulvibazar Branch, Moulvibazar Agargaon Branch, Dhaka Pathantula Branch, Sylhet Satkhira SME, Branch Sat Mashjid Road Branch, Dhaka Agrabad Branch, Ctg. Narsingdi SME, Branch Shaymoli Branch, Dhaka Khatungonj Branch, Ctg. Islampur Branch, Dhaka Aganagar Branch, Dhaka Jubilee Road Branch, Ctg. Kotwali Branch, Dhaka Karwan Bazar Branch, Dhaka Halishahar Branch, Ctg. Rajshahi Branch, Rajshahi Madhabdi Branch (Rural), Narahingdi Motijheel Branch, Dhaka Tangail SME, Branch Ashulia Branch (Rural), Dhaka Chowmuhan Branch, Noakhali Chapainawabganj Branch Narayanganj Branch, Narayanganj CDA Avenue Branch, Ctg. Dinajpur Branch, Dinajpur Rokeya Sharani Branch, Dhaka Cox's Bazar Branch, Cox's Bazar Hemayetpur Branch (Rural) Savar Branch, Dhaka Chagalnaiya Branch, Feni Joydebpur Branch, (Rural)	<u>National Bank Limited</u> Agrabad Branch, Ctg. Moakhali Branch, Dhaka Jessore Branch, Jessore Anderkilla Branch, Ctg. Mohammadpur Branch, Dhaka Jubilee Road Branch, Ctg. Asadgate Branch, Dhaka Motijheel Branch, Dhaka Kadomtoli Branch, Sylhet Babubazar Branch, Dhaka Moulvibazar Branch, Moulvibazar Karwan Bazar Branch, Dhaka Banani Branch, Dhaka Muradpur Branch, Ctg. KDA Branch, Khulna Bangshal Road Branch, Dhaka Mymensingh Branch, Mymensingh Khatungonj Branch, Ctg. Barisal Branch, Barisal Narayanganj Branch, Narayanganj Pabna Branch, Pabna Beani Bazar Branch, Sylhet Narsingdi Branch, Narsingdi Pagla Bazar Branch, Narayanganj Bhatary Branch, Ctg. Netaiganj Branch, Narayanganj Pahartali Branch, Ctg. Bogra Branch, Bogra New Eskaton Branch, Dhaka Patia Branch, Ctg. CDA Avenue Branch, Ctg. North Brook Hall Branch, Dhaka Pragati Sarani Branch, Dhaka Chaktai Branch, Ctg. Dilkhusha Branch, Dhaka Rajshahi Branch, Rajshahi Chandpur Natun Bazar Branch, Chandpur Elephant Road Branch, Dhaka Rifles Square Branch, Dhaka Chawk Bazar Branch, Ctg. Faridpur Branch, Faridpur Rokeya Sarani Branch, Dhaka Chowmuhan Branch, Noakhali Feni Branch, Feni S.K. Mojib Road Branch, Ctg. Comilla Branch, Comilla Foreign Exchange Branch, Dhaka Savar Bazar Branch, Savar, Dhaka Dhanmondi Branch, Dhaka Gazipur Branch, Gazipur Sunamgonj Branch, Sunamgonj Khulna Branch, Khulna Godagari Branch, Rajshahi Sylhet Branch, Sylhet Lake Circus Branch, Dhaka Gulshan Branch, Dhaka Tangail Branch, Tangail Madhupur Branch, Tangail Halishahar Branch, Ctg. Tongi Branch, Gazipur Malibagh Branch, Dhaka Imamganj Branch, Dhaka Uttara Branch, Dhaka Mirarsari Branch, Ctg. Islampur Branch, Dhaka Z.H. Sikder M.C Branch, Dhaka Mirpur Branch, Dhaka Jatrabari Branch, Dhaka Zindabazar Bazar, Sylhet	<u>One Bank Limited</u> Principal Branch, Dhaka Motijheel Branch, Dhaka Karwan Bazar Branch, Dhaka Gulshan Branch, Dhaka Mirpur Branch, Dhaka Uttara Branch, Dhaka Dhanmondi Branch, Dhaka Banani Branch, Dhaka Kakrail Branch, Dhaka Progoti Sarani Branch, Dhaka Elephant Road Branch, Dhaka Jatrabari Branch, Dhaka Nawabgonj Branch, Dhaka Bangshal Branch, Dhaka Ganakbari (EPZ) Branch, Savar Imamganj Branch, Dhaka Narayanganj Branch, Narayanganj Joypara Branch, Dhaka Khatungonj Branch, Ctg. CDA Avenue Branch, Ctg. Nanupur Bazar Branch, Ctg. Agrabad Branch, Ctg. Cox's Bazar Branch, Cox's Bazar Jubilee Road Branch, Ctg. Khulna Branch, Khulna Ring Road Branch, Dhaka Chowmuhan Branch, Noakhali Chandragonj Branch, Lakshmipur Feni Branch, Feni Rajpur Branch, Lakshmipur Dagon Bhuiyan Branch, Feni Sylhet Branch, Sylhet Sherpur Branch, Moulvi Bazar Islampur Branch, Sylhet Jessore Branch, Jessore Bogra Branch, Bogra Sirajgonj Branch, Sirajgonj Laksham Branch, Comilla Ramganj Branch, Laxmipur Majidee Court Branch, Noakhali Banasree Branch, Dhaka Rajshahi Branch, Rajshahi Shahjadpur Branch, Sirajgonj Jagannathpur Branch, Dhaka Tongi Branch, Gazipur Comilla Branch, Comilla Basabo Branch, Dhaka Satkhira Branch, Satkhira Madhabdi Branch, Narsingdi Rangamati Branch, Rangamati Sitakunda Branch, Ctg. Moghbazar Branch, Dhaka Laldighirpar Branch, Sylhet Rangpur Branch, Rangpur
<u>Eastern Bank Limited</u> Motijheel Branch, Dhaka Moulvibazar Branch, Sylhet Khulna Branch Banasree Branch, Dhaka Uttara Garib-E-Newaz Branch, Dhaka Rajshahi Branch Moghbazar Branch, Dhaka Chandgon Branch, Ctg. Savar Branch, Dhaka Bashundhara Branch, Dhaka Chouhatta Branch, Sylhet Jessore Branch Shamoly Branch, Dhaka Uttara Branch, Dhaka Mirpur Dar-Us-Salam Road Branch, Dhaka Narayanganj Branch Panchlaish Branch, Ctg. O. R. Nizam Road Branch, Ctg. Jubilee Road Branch, Ctg. Bogra Branch Upashahar Branch, Sylhet Mymensingh SME Branch Halishahar Branch, Ctg.	<u>Mercantile Bank Limited</u> Main Branch, Dhaka Jubilee Road Branch, Ctg. Moghbazar Branch, Dhaka Dhanmondi Branch, Dhaka Elephant Road Branch, Dhaka Beani Bazar Branch, Sylhet Kawran Bazar Branch, Dhaka Motijheel Branch, Dhaka Barishal Branch, Barishal Agrabad Branch, Ctg. Madam Bibir Hat Branch, Ctg. Comilla Branch, Comilla Banani Branch, Dhaka Khulna Branch, Khulna Green Road Branch, Dhaka Rajshahi Branch, Rajshahi Rangpur Branch, Rangpur Sheikh Mujib Road Branch, Ctg. Naogaon Branch, Naogaon Satmashjid Road Branch, Dhaka Engineer's Institution Branch, Dhaka Sylhet Branch, Sylhet O.R. Nizam Road Branch, Ctg. Mazar Road Branch, Mirpur, Dhaka Board Bazar Branch, Gazipur Bogra Branch, Bogra Dinajpur Branch, Dinajpur Naya Bazar Branch, Dhaka Gulshan Branch, Dhaka Jessore Branch, Jessore Khatungonj Branch, Ctg. Feni Branch, Feni Pragoti Sarani Branch, Dhaka Mohakhali Branch, Dhaka Moulvibazar Branch, Moulvibazar Ctg. EPZ Branch, Ctg. Mirpur Branch, Dhaka Bijoy Nagar Branch, Dhaka Narayanganj Branch, Narayanganj Uttara Branch, Dhaka	<u>Investment Corporation of Bangladesh</u> Head Office, Dhaka Local Office, Dhaka Khulna Branch, Khulna Bogra Branch, Bogra Chittagong Branch, Chittagong. Barisal Branch, Barisal Rajshahi Branch, Rajshahi Sylhet Branch, Sylhet		
<u>Islami Bank Bangladesh Limited</u> Local Office, Dhaka (Controlling Branch) Khatungonj Branch, Ctg. Feni Branch Foreign Exchange Branch, Dhaka Cox's Bazar Branch Sylhet Branch Motijheel Branch, Dhaka Khulna Branch New Market Branch, Dhaka Farmagate Branch, Dhaka Barisal Branch Mouchak Branch, Dhaka Nawabpur Road Branch, Dhaka Jessore Branch Jatrabari Branch, Dhaka Gulshan Branch, Dhaka Bogra Branch Uttara Branch, Dhaka Narayanganj Branch Rajshahi Branch Shyamoli Branch, Dhaka Mirpur Branch, Dhaka Dinajpur Branch Moulvi Bazar Branch Chawak Mugaltuly Branch, Dhaka Comilla Branch Kushtia Branch Agrabad Branch, Ctg. Chowmuhan Branch, Noakhali Pabna Branch				

"শেয়ারবাজারে বিনিয়োগ ঝুঁকিপূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন।"

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND THAT COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGER"

TUNG HAI KNITTING AND DYEING LIMITED

Application Form

APPLICATION FOR SHARES BY NON-RESIDENT BANGLADESHI(S)

(To be sent to the Company's Head Office)

Warning: Please read the instructions on the back of this form. Incorrectly filled applications or application failing to comply with any instructions therein may be rejected.

The Managing Director

Tung Hai Knitting and Dyeing Limited
30/2, Darus Salam Road, Industrial Plot # 2C/1-B,
Mirpur-1, Dhaka-1216.

Dear Sir,

I/we apply for and request you to allot me/us the.....number of Shares and I/we agree to accept the same or any smaller number that may be allotted to me/us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the Company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said shares to my/our Depository (BO) Account and/or a crossed (A/C Payee Only) cheque in respect of any Application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of ordinary shares of Tk.10/- each.
2. Total subscription money of the amount of TK. (in figure) (in words) only convertible into US Dollar 1.00 = BDT..... and UK Pound Sterling 1.00 = BDT..... and Euro 1.00 = BDT..... drawn on.....Bank.....Branch.
3. Payment by Draft/Cheque No.....date.....for US Dollar/UK Pound Sterling/Euro BDT..... drawn on.....Bank.....Branch.

4. Depository (B/O) Account Number

{If you do not mention your valid depository (BO) account, your application will be treated as invalid.}

5. I/we agree to fully abide by the instruction given herein.

6. Particulars of Applicant(s):

a) Sole/First Applicant:

Name:		
Father's /Husband's Name:		
Mother's Name:		
Postal Address:		
Occupation:	Nationality:	Telephone No. (If any):
Passport No.:	Valid up to:	Date of Birth:
For Refund Warrant: (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch.		
The Applicant shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.		
For Refund: Applicant's Bank A/C No.:		
Name of the Bank:	Branch:	

b) Second Applicant:

Name:		
Father's /Husband's Name:		
Mother's Name:		
Postal Address:		
Occupation:	Nationality:	Telephone No. (If any):
Passport No.:	Valid up to:	Date of Birth:
Nominee's Name:		
Mailing Address:		

07. I/we hereby declare that I/we have read the Prospectus of **Tung Hai Knitting and Dyeing Limited** and have willingly subscribed for..... No. of Ordinary Shares of Tk. 10/- each on this form.

08. Specimen Signature(s):

Ist Applicant: Name(in Block Letters)	Signature:
2nd Applicant: Name(in Block Letters)	Signature:
Nominee's Name: (in Block Letters)	Signature:

*Please see the instruction in paragraphs 14 & 15 for the evidence required to establish Non-Resident Bangladeshis Status

INSTRUCTIONS

1. As per provision of the Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) account number in the Application Form. If you do not mention your valid BO (Beneficiary Owner) account, your application will be treated as invalid.
2. All information must be written or typed in block letters in English and must not be abbreviated.
3. An application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** ordinary shares. Any application not meeting this criterion will not be considered for allotment purpose.
4. An application must be accompanied by a foreign demand draft drawn on a bank payable at Dhaka or cheque drawn out of foreign currency deposit account maintained in Bangladesh for the full value of shares favoring **"Tung Hai Knitting and Dyeing Limited"** and crossed **"Account Payee only"**.
5. An application shall be sent by the applicant directly to the Company by **May 22, 2014** so as to reach the Company by **May 31, 2014**. Any Application sent after **May 22, 2014** or received by the Company after **May 31, 2014** will not be considered for allotment purpose.
6. Refund against over-subscription shall be made in the currency in which the value of shares was paid for by the applicant at the same rate as stated on the application form through Account Payee cheque payable at Dhaka with bank account number, Bank's name and Branch as indicated in the securities application form.
7. In case of over-subscription, allotment shall be made by lottery solely in accordance with the instructions by Bangladesh Securities and Exchange Commission (BSEC).
8. Money receipt on clearance of draft or cheque, as the case may be, shall be sent by post to the applicant by the Company.
9. **Joint application by two persons will be acceptable. In such a case, allotment or refund shall be made to the first applicant. Note that a non-resident Bangladeshi (NRB) applicant cannot submit more than two applications, one in his/her own name and another jointly with other person by one cheque / DD/PO by USD / GBP/EURO/BDT (supported by foreign currency encasement certificate). More than two applications by one cheque / DD/PO by USD / GBP/EURO/BDT (supported by foreign currency encasement certificate) will not be allowed.**
10. Application must be made by an individual, a corporation or company, a trust or a society and not by a firm, minor, or persons of unsound mind.
11. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information in the application shall make the Application liable to rejection and subject to forfeiture of application money and /or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by the law.
12. The intending NRB applicants shall deposit share money by US Dollar/UK Pound Sterling/EURO draft drawn on any Bank and payable in Dhaka, Bangladesh, or through a nominee by paying out of foreign currency deposit account maintained in Bangladesh or in Taka, supported by foreign currency encasement certificate issued by the concerned bank, for the value of securities applied for through crossed bank cheque marking "Account Payee only". So that the issuer's collecting bank can clear the proceeds and deposit the same into issuer bank's account in time.
13. The spot buying rate (TT Clean) in US Dollar, UK Pound Sterling and EURO of Sonali Bank at the day of subscription opening will be applicable for the Non Resident Bangladeshi (NRB) applicants.
14. **The applicant shall furnish photocopies of relevant pages of valid passports in support of his/her being a NRB, dual citizenship or of the foreign passport bearing an endorsement from the concerned Bangladeshi Embassy to the effect that no visa is required for him / her to travel to Bangladesh.**
15. In case of joint NRB application joint applicants shall also submit supporting papers /documents in support of their being a NRB as mentioned in para-14 (above).
16. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition 15% (Fifteen percent) of the application money will be forfeited by the Commission and the balance amount will be refunded to the application.**
17. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until 25 (Twenty Five) days after the prospectus have been published.**
18. In case of non-allotment of ordinary shares, if the applicants' bank accounts as mentioned in their Application Forms are maintained with any of the Bankers to the Issue, the refunded amount to those applicants will be directly credited into their respective bank accounts as mentioned in their Application Forms. Otherwise, refunds will be made only through "Account Payee" cheque(s) with bank account number and name of bank branch as mentioned in the application form, payable at Dhaka or Chittagong, Khulna, Barishal, Rajshahi or Sylhet, as the case may be.
19. **The applicants who have applied for more than two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (Fifteen percent) of their subscription money too.**

THE NRB APPLICATION ALONG WITH THE FOREIGN CURRENCY DRAFT, AS ABOVE, IS TO BE SUBMITTED TO THE COMPANY'S HEAD OFFICE DIRECTLY WITHIN THE STIPULATED TIME MENTIONED IN PARA 5.

"শেয়ারবাজারে বিনিয়োগ ঝুঁকি পূর্ণ, জেনে ও বুঝে বিনিয়োগ করুন"

"INTERESTED PERSONS ARE ENTITLED TO A PROSPECTUS, IF THEY SO DESIRE, AND THAT COPIES OF PROSPECTUS MAY BE OBTAINED FROM THE ISSUER AND THE ISSUE MANAGER"

TUNG HAI KNITTING AND DYEING LIMITED

Application Form

APPLICATION FOR SHARES BY AFFECTED SMALL INVESTORS (ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারী)

Warning: Please read the instructions on the back of this form. Incorrectly filled applications or application failing to comply with any instructions therein may be rejected.

The Managing Director

Tung Hai Knitting and Dyeing Limited
30/2, Darus Salam Road, Industrial Plot # 2C/1-B,
Mirpur-1, Dhaka-1216.

Banker's Sl. No.

Dear Sir,

I/we apply for and request you to allot me/us the numbers of Shares and I/we agree to accept the same or any smaller number that may be allotted to me / us upon the terms of the Company's approved Prospectus and subject to the Memorandum and Articles of Association of the company. Further, I/we authorize you to place my/our name(s) on the Register of Member(s) of the Company and deposit the said ordinary Shares to my / our Depository Beneficiary Owner (BO) Account and/or a Crossed (A/C Payee Only) Cheque in respect of any application money refundable by post/courier at my/our risk to the first applicant's address stated below:

1. No. of ordinary shares of Tk.10/- each.
2. Amount of Tk. (in figure)..... Taka (in words)only deposited vide Cash/Cheque/
Draft/Pay Order No..... Dated.....On.....Bank
.....Branch.

3. Beneficiary Owner (BO) Account No.

{If you do not mention your valid depository (BO) account, your application will be treated as invalid.}

4. I/we agree to fully abide by the instruction given herein.

5. Particulars of Applicant(s):

a) Sole/First Applicant:

Name:		
Father's /Husband's Name:		
Mother's Name:		
Postal Address:		
Occupation:	Nationality: BANGLADESHI	Telephone No. (If any):
For Refund Warrant: (Application will not be treated as valid if anyone uses a non-scheduled bank. To avoid this complication, investors are requested not to use the name of any non-scheduled bank) Please write the correct and full name of bank and branch.		
For refund purpose: I/We want refund through <input type="checkbox"/> Bank Account* <input type="checkbox"/> Hand Delivery/Courier (Please put tick mark in which refund will be made).		
The Applicant shall provide with the same Bank Account number in the application form as it is in the BO account of the applicant. Otherwise the application will be considered invalid and the subscription money may be forfeited.		
In case of deposit in to the applicants Bank Account, the applicant will bear the applicable charge, if any, of the applicants banker and the issuer shall simultaneously issue a letter of intimation to the applicant containing, among others, the date and the amount remitted with details of the bank through and to which bank such remittance has been effected.		
For Refund : Applicant's Bank A/C No.:		
Name of the Bank:		Branch:

b) Second Applicant:

Name:		
Father's /Husband's Name:		
Mother's Name:		
Postal Address:		
Occupation:-	Nationality: BANGLADESHI	Telephone No. (If any):

06. I/we hereby declare that I/We have read the Prospectus of **Tung Hai Knitting and Dyeing Limited** and have willingly subscribed for..... no. of Shares of **Tk. 10/-** each on this form.

07. Specimen Signature(s):

1st Applicant: Name(in Block Letters)	Signature:
2nd Applicant: Name(in Block Letters)	Signature:

BANKER'S ACKNOWLEDGEMENT

Certified that this Bank has received Tk. (in figure).....(in word).....only from Mr./ Mrs./Ms..... being the Application Money for..... Nos. Ordinary Shares of **Tung Hai Knitting and Dyeing Limited**

Banker's Sl. No.

Seal and Date

Authorized Signature
(Name & Designation)

INSTRUCTIONS

1. As per provision of Depository Act, 1999 and regulations made there under shares will only be issued in dematerialized condition. Please mention your BO (Beneficiary Owner) Account number in the application form. If you do not mention your valid BO (Beneficiary Owner) Account, your application will be treated invalid.
2. All information must be typed or written in full (in Block letters) in English or in Bengali and must not be abbreviated.
3. Application must be made on the Company's printed form/photocopy or typed copy/hand written form thereof.
4. Application must not be for less than **500** Ordinary Shares and must be for a multiple of **500** Ordinary Shares. Any Application not meeting these criterions will not be considered for allotment purpose.
5. Remittance for the full amount of the Shares must accompany each Application and must be forwarded to any of the Bankers to the Issue. Remittance should be in the form of Cash/ Cheque/ Bank Draft/ Pay Order payable to one of the Bankers to the Issue A/C "**Tung Hai Knitting and Dyeing Limited**" and crossed "**A/C Payee only**" and must be drawn on a Bank in the same town as the Bank to which the Application Form has been sent.
6. In the case of Joint Application Form, the Allotment Letter will be dispatched to the person whose name appears first on this Application Form and where any amount is refundable in whole or in part the same will be refunded by Account Payee Cheque by post/courier service to the person named first on this Application Form in the manner prescribed in the Prospectus.
7. Joint Application form for more than two persons will not be accepted. In case of joint Application, each party must sign the Application Form.
8. Application must be in full name of individuals or companies or societies or trusts and not in the name of firms, minors or persons of unsound mind. Application from financial and market intermediary companies and Private Company must be accompanied by Memorandum and Articles of Association and Certificate of Incorporation.
9. **An applicant cannot submit more than two applications, one in his/her own name and another jointly with another person. In case an applicant makes more than two applications, all applications will be treated as invalid and will not be considered for allotment purpose. In addition 15% (Fifteen percent) of the application money will be forfeited by the Commission and the balance amount will be refunded to the application.**
10. No receipt will be issued for the payment made with Application, but the bankers will issue a provisional acknowledgment to the Issue for Application lodged with them.
11. In the case of non-allotment of securities, if the applicants' bank accounts as mentioned in their IPO Application Forms are maintained with the Bankers to the Issue, refund amount of those applicants will be directly credited into the respective bank accounts as mentioned in their IPO Application Forms. Otherwise, refund will be made only through "Account Payee" cheque(s) showing bank account number and the name of bank and branch as mentioned in the application payable at Dhaka or Chittagong, as the case may be.
12. Allotment shall be made solely in accordance with the instructions of the Bangladesh Securities and Exchange Commission (BSEC).
13. Making of any false statement in the application or supplying of incorrect information therein or suppressing any relevant information shall make the Application liable to rejection and subject to forfeiture of Application money and/or forfeiture of share (unit) before or after issuance of the same by the issuer. The said forfeited Application money or share (unit) will be deposited in account specified by the Bangladesh Securities and Exchange Commission (BSEC). This may be in addition to any other penalties as may be provided for by law.
14. Applications, which do not meet the above requirements, or Applications, which are incomplete, shall not be considered for allotment purpose.
15. The Banker's to the Issue shall be obliged to receive the A/C Payee Cheque(s) on the closing day of the subscription.
16. **No sale of securities shall be made nor shall any money be taken from any person, in connection with such sale until 25(Twenty five) days after the prospectus has been published.**
17. **The applicants who have applied for more two applications using same bank account, their application will not be considered for lottery and the Commission will forfeit 15% (Fifteen percent) of their subscription money too.**
18. **তালিকাভুক্ত ক্ষতিগ্রস্ত ক্ষুদ্র বিনিয়োগকারীগণ সকল পাবলিক ইস্যুতে একক অথবা যৌথ হিসাবের যে কোনটি অথবা উভয়টি হতে সংরক্ষিত ২০% কোটায় আবেদন করতে পারবেন। তবে তারা ইচ্ছা করলে ক্ষতিগ্রস্ত সংরক্ষিত ২০% কোটায় আবেদন না করে সাধারণ বিনিয়োগকারীদের জন্য নির্ধারিত কোটায় আবেদন করতে পারবেন।"**

SECTION XXXII: MANAGEMENT DISCLOSURE

1. In response to our query No. 4 under deficiency in draft prospectus, you have provided the following explanation:

“It was the management decision to invest in the shares of GMG Airlines Limited in the year of 2010. At that time, the investment was seemed to be a lucrative one and also secured, because the then Bangladesh Securities and Exchange Commission (BSEC) accorded consent to GMG Airlines Limited for the greater interests of the investors and the capital market. Our management has also come to know that the operation of GMG Airlines Limited is going to start immediately and in the near future the shares of the company will come into the capital market.”

It appears that you did not measure any impairment of the financial assets as per IAS/BAS 39 or measure the asset at fair value as per IAS/BAS 39. Please provide your explanation in this regard.

Our Response:

We did not measure any impairment of the financial assets (the investment in GMG Airlines Ltd.) because of the following reason:

“The shares of the investee company (GMG Airlines Ltd.) are not marketable securities; therefore, we could not able to determine the fair value of the shares”.

2. Regarding engagement of M/s. Mahfel Huq & Co. for conducting audit tasks for more three years which contradicts with of the provision of the Order No. SEC/CMRRCD/2009-193/104/Admin/----- dated July 27, 2011 as mentioned at our query No. 12 under deficiency in draft prospectus, you are requested to revise your reply;

Our Response:

We will comply with the provision of the Order No. SEC/CMRRCD/2009-193/104/Admin/----- dated July 27, 2011 from 2013.

3. Please explain Directors' Remuneration of Tk. 6,720,000 (Note 18) & and 450,000 (Note 13);

Our Response:

The payment to directors are made for service given to the company. For your kind consideration we disclosed the break-down of Directors' Remuneration of Tk. 6,720,000 (Note 18) below:

SL	Name	Designation	Received for meeting fee Tk.	Received for remuneration Tk.	Total received Tk.
1	Mrs. Anjuman-Ara-Khanam	Chairman	-	2,400,000	2,400,000
2	Md. Mahbubur Rahman	MD & Director	-	3,000,000	3,000,000
3	Md. Ehsanur Rahman	ED & Director	-	1,320,000	1,320,000
Total received			-	6,720,000	3,342,000

Directors' Remuneration of Tk. 450,000 (Note 13) is payable for the month of December, 2012 and subsequently is paid.

The break-down of Directors' Remuneration of Tk. 450,000 (Note 13) is as under:

SL	Name	Designation	Received for meeting fee Tk.	Received for remuneration Tk.	Total received Tk.
1	Mrs. Anjuman-Ara-Khanam	Chairman	-	200,000	200,000
2	Md. Mahbubur Rahman	MD & Director	-	250,000	250,000
Total			-	450,000	450,000

We will include Directors' Remuneration in same head under salary (as they are given service) in our next financial statement.

4. It appears that Section 234 (segregation of fund - participation & welfare), 242 (disbursement of participation fund to the workers) of the Bangladesh Labor Law 2006 regarding Workers' Profit Participation Fund (WPPF) are not complied though you have mentioned the same complied in your reply;

Our Response:

We will comply the compliance of Workers' Profit Participation Fund (WPPF) as per the provision of section 234 and 242 of the Bangladesh Labor Law 2006.

5. It appears from auditors' compliance report on corporate governance that some requirements are not complied. Your explanations regarding non-compliance of corporate governance are required to disclose;

Our Response:

We will comply the non-compliance of corporate governance before opening of subscription.

6. Explain the reason for increasing/decreasing account receivable turnover ratio, inventory turnover ratio, asset turnover ratio for the year 2013.

S L	Ratio Name	2013	2012	Increase/Decrease
1	Accounts turnover ratio	2.56	2.12	+ 0.44
2	Inventory turnover ratio	1.90	2.08	- 0.18
3	Asset turnover ratio	0.71	0.69	+ 0.02

Our Response:

Accounts receivable turnover ratio and asset turnover ratio increased due to the management of the company efficiently manage the collection of credit sales and use of assets efficiently. On the other hand inventory turnover ratio fall little bit due to increase of inventory (raw materials) at financial and accounting year. Management is trying to efficient control of inventories levels.

Sd/-

Nafreen Mahbub

Managing Director