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

(incorporated in the Cayman Islands with limited liability)

(Stock code: 2678)

DISCLOSURE PURSUANT TO RULE 13.18

This announcement is made by Texhong Textile Group Limited (“**Company**” and together with its subsidiaries “**Group**”) in compliance with the disclosure requirements under Rule 13.18 of the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited.

By an agreement dated 13th July 2011 (“**Facility Agreement**”) entered into by, among others, Texhong Renze Textile Joint Stock Co. (“**Borrower**”), formerly known as “Texhong Vietnam Textile Joint Stock Company”, a wholly-owned subsidiary of the Company as borrower, the Company as one of the guarantors and a syndicate of banks and financial institutions as lenders, the lenders have agreed to grant a term loan facility (“**Facility**”) of up to the aggregate principal amount of US\$60,000,000 to finance the Phase III expansion of the Borrower’s factory in Vietnam.

The Facility shall be fully repaid in July 2018 and is secured by a mortgage of the Borrower’s equipment and machinery. The amount of the Facility represents approximately 17% of the total amount of banking/credit facilities (including the Facility) presently available to the Group.

The Facility Agreement contains the usual cross default provisions and a further requirement that Mr. Hong Tianzhu (“**Mr. Hong**”) shall remain the chief executive officer of the Group, the single largest shareholder of the Company and own, directly or indirectly, more than 25% of the total issued share capital of the Company. A breach of such requirement will constitute an event of default under the Facility Agreement, and as a result, the Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of other banking/credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and payable.

As at the date of this announcement, Mr. Hong and his associates together own(s) approximately 61.19% of the voting share capital of the Company. Mr. Hong is a controlling shareholder of the Company for the purpose of the disclosure obligation under Rule 13.18 of the Listing Rules.

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

Executive directors:

Mr. Hong Tianzhu
Mr. Zhu Yongxiang
Mr. Tang Daoping
Mr. Gong Zhao

Independent non-executive directors:

Ms. Zhu Lanfen
Prof. Cheng Longdi
Mr. Ting Leung Huel, Stephen

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

Hong Kong, 14th July 2011