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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)**

### **POSITIVE PROFIT ALERT**

This announcement is made pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The board (the “**Board**”) of directors (the “**Directors**”) of Texhong Textile Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a review of the Group’s unaudited management accounts for the nine months ended 30 September 2012, the earnings of the Group for the nine months ended 30 September 2012 has increased substantially as compared to the corresponding period last year. It is accordingly expected that the earnings for the year ending 31 December 2012 will also increase significantly as compared to the year ended 31 December 2011.

The significant improvement in the results of the Group for the nine months ended 30 September 2012 was mainly attributable to the continuous stable demand of our yarn products in the PRC and the reduction in production costs due to the increase in the market price difference between the international and Chinese cotton in 2012.

Sales volume of the yarn products of the Group for the nine months ended 30 September 2012 have continued to be stable since the second half of 2011. For the nine months ended 30 September 2012, the Group had already sold about 179,000 tonnes of yarns which were more than the 134,000 tonnes of yarns sales made for the corresponding period in 2011. The Group’s financial position had also remained solid. As of 30 September 2012, the Group’s cash and cash equivalent (excluding pledged bank deposits) was about RMB599 million. The Group’s inventories were about RMB1.39 billion. Besides, the Group had not experienced any material bad debts during the period.

The Group will continue to pursue its corporate strategy of optimizing its existing product mix, developing new products that cater for the trend and demand of the market and fully leveraging the cost advantages of the plant of the Group in Vietnam in order to further improve the financial performance of the Group.

The information contained in this announcement is only based on a preliminary assessment by the Board based on information currently available to it, including the unaudited consolidated management accounts of the Group for the nine months ended 30 September

2012, which have not yet been confirmed or reviewed by the Company's auditors or the audit committee of the Company and finalized as at the date of this announcement. The Directors wish to emphasize that the final results of the Group for the year ending 31 December 2012 will be affected by, among others, the cotton market price for the rest of 2012, which is subject to frequent fluctuation. Further announcement(s) will be made by the Company if there is any significant change of the Group's performance for the rest of 2012.

**Shareholders and potential investors are advised to exercise caution when dealing in shares of the Company.**

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, 8 October 2012