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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 and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong).

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 five months ended 31 May 2013, the earnings of the Group for the five months ended 31 May 2013 has more than doubled that of the six months ended 30 June 2012, as such, it is expected that the Group will result in a significant increase in profit for the six months ending 30 June 2013 as compared to the financial results of the Group for the corresponding period in 2012.

The financial performance of the Group has remained strong since the second half of 2012 after its successful turnaround in the first half of 2012. This was mainly attributable to the continuous strong demand of the yarn products of the Group in the PRC and reduction in production costs of the Group due to low international cotton price, although such competitive advantage has been partly offset by the weak yarn selling prices in the PRC. The yarn selling prices of the Group have been put under pressure due to the subsisting substantial difference between international and Chinese cotton market prices since the second quarter of 2012.

For the five months ended 31 May 2013, the Group had already sold about 96,500 tonnes of yarns. Since the cotton prices in the international cotton market have still been far below than that in the PRC, the Group has continued to implement the same cotton procurement policy as mentioned in the 2012 annual report of the Company. As of 31 May 2013, the cotton inventory and purchase orders with determined pricing are sufficient for the Group’s consumption in the coming five months.

The Group currently has about one million spindles in full operation and an additional 300,000 spindles in trial production. 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 five months ended 31 May 2013, 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 results of the Group for the six months ending 30 June 2013 will be affected by, among others, the cotton market price, which may be subject to frequent and volatile fluctuation. Further announcement(s) will be made by the Company if there is any significant change of the Group's performance for the six months ending 30 June 2013.

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 Beina
Prof. Cheng Longdi
Mr. Ting Leung Huel, Stephen

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

Hong Kong, 6 June 2013