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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 ten months ended 31 October 2013, the earnings of the Group for the ten months ended 31 October 2013 has a substantial increase as compared to that of the year ended 31 December 2012, as such, it is expected that the Group will result in a substantial increase in profit for the year ending 31 December 2013 as compared to the financial results of the Group for the corresponding period in 2012. The Group has continued to benefit from the consumption of low cost international cotton although such advantage is partly offset by the weak yarn selling prices in the PRC.

The Group has finished the ramp-up process of the additional production facilities by the end of September 2013. The Group currently has about 1.84 million spindles equivalent in full operation, of which about 1.11 million spindles and 0.73 million spindles are in China and Vietnam, respectively. However, in view of the uncertainties on the PRC government policy in cotton purchases and the recent drop in international cotton price, the market sentiment has been affected to a certain extent and customers have become more conservative. For the ten months ended 31 October 2013, the Group sold about 216,000 tonnes of yarns. To better match with the demand of different products from our customers, the Group is now in the process of adjusting the product mix in order to achieve more than 100% sales to production ratio starting from November 2013.

Based on the adjusted product mix, our yarn production volume is currently about 32,000 tonnes per month. It is expected that our annual yarn production volume target of about 440,000 tonnes (based on 1.84 million spindles equivalent and a desirable product mix) will be achieved starting from the second quarter of 2014 on a conservative basis. The production volume will vary according to the product mix which may be adjusted by the Group from time to time in response to the market demand.

For our expansion plan in 2014, the Shandong plant expansion will be reduced from about 120,000 spindles to about 60,000 spindles while the second phase of the Northern Vietnam plant will be increased from about 230,000 spindles to about 258,000 spindles. The Shandong project and the second phase of the Northern Vietnam project are expected to commence commercial production by the end of the first quarter and the second quarter of 2014, respectively. Due to the slow application and approval process by local authorities of our Uruguay project, its completion may be delayed to 2015.

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 ten months ended 31 October 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 year ending 31 December 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 year ending 31 December 2013.

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

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

Hong Kong, 8 November 2013

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