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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)**

**INSIDE INFORMATION**

**UPDATE ON EXCHANGE LOSS**

This announcement is made by Texhong Textile Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 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 the Company wishes to inform the shareholders of the Company and potential investors that as the reporting and operating currency of the Group are denominated in Renminbi (“**RMB**”) whilst most of the Group’s liabilities are denominated in US dollars, due to the recent depreciation in RMB against US dollars since August 2015, the Group has recorded an exchange loss of approximately RMB220 million during the month ended 31 August 2015. If RMB continues to depreciate against US dollars during the remaining year ending 31 December 2015 (the “**Year**”), it is expected that the exchange loss of the Group would continue to increase.

In view of the recent volatile fluctuation of the exchange rate of RMB, the management of the Company is considering various measures to hedge against the exchange rate risk, including increasing the portion of borrowings denominated in RMB and/or other measures as the Group considers appropriate.

Further announcement(s) will be made by the Company if there is any new development or update on the exchange loss, or the financial performance of the Group for the Year.

**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, 7 September 2015

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. Hui Tsz Wai  
Mr. Ji Zhongliang

*Independent non-executive Directors:*

Prof. Tao Xiaoming  
Prof. Cheng Longdi  
Mr. Ting Leung Huel, Stephen