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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 year ended 31 December 2015, the earnings of the Group for the year ended 31 December 2015 has a substantial increase as compared to that of the year ended 31 December 2014. The increase in profit of the Group is mainly attributable to (i) the improvement in gross margin; and (ii) the strong sales volume. However, the increase in profit was partially offset by the exchange loss due to the depreciation of Renminbi against US dollars. The increase in gross margin is mainly due to (i) the drop in raw material cost; and (ii) the enhancement in product mix.

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 production plants of the Group in Vietnam in order to further improve the financial performance of the Group. The Directors wish to emphasize that the performance of the Group will be affected by the cotton market price, yarn selling prices and the foreign exchange rate of Renminbi. In particular, the cotton market price and the foreign exchange rate of Renminbi may be subject to frequent and volatile fluctuation.

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 year ended 31 December 2015, which have not 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. Detailed financial results of the Group for the year ended 31 December 2015 will be disclosed in the final results announcement which is expected to be published in March 2016.

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. Hui Tsz Wai
Mr. Ji Zhongliang

Independent non-executive directors:

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

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

Hong Kong, 15 February 2016