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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 2016, the earnings of the Group for the ten months ended 31 October 2016 exceeded RMB1 billion. The strong performance was mainly attributable to the strong sales volume and increase in gross margin. In particular, due to the recent increase in cotton price, our product selling prices have risen accordingly while the inventory utilized in production in prior months were procured at a lower cost, leading to a temporary increase in gross margin. It is expected that the Group’s gross margin may restore to a normal level in 2017 if cotton price is comparatively stable.

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. However, the Directors wish to emphasize that the performance of the Group can be affected by market environment, including cotton market price, yarn selling prices and foreign exchange rate of Renminbi. In particular, the cotton market price and 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 ten months ended 31 October 2016, 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 ending 31 December 2016 will be disclosed in the final results announcement which is expected to be published in the first quarter of 2017.

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

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

Hong Kong, 7 November 2016

*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