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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)

CONTINUING CONNECTED TRANSACTIONS

(1) REVISION OF FY2019 ANNUAL CAPS

**FOR TEXHONG GALAXY WATER SUPPLY AND
WASTEWATER TREATMENT AGREEMENTS**

**(2) REVISION OF FY2019 ANNUAL CAP FOR TEXHONG
DYEING GAS SUPPLY AGREEMENT**

(3) UTILITIES MASTER SUPPLY AND

SERVICES AGREEMENTS FOR UNITED TECHNOLOGY VIETNAM

**(4) EXTENSION OF THE TEXHONG DYEING AGREEMENTS AND
TEXHONG GALAXY AGREEMENTS**

**(1) REVISION OF FY2019 ANNUAL CAPS FOR TEXHONG GALAXY WATER
SUPPLY AND WASTEWATER TREATMENT AGREEMENTS**

As it is anticipated that there will be additional usage, the Board proposed to revise the annual caps for FY2019 under the Texhong Galaxy Water Supply And Wastewater Treatment Agreements.

**(2) REVISION OF FY2019 ANNUAL CAP FOR TEXHONG DYEING GAS
SUPPLY AGREEMENT**

As it is anticipated that there will be additional usage, the Board proposed to revise the annual cap for FY2019 under the Texhong Dyeing Gas Supply Agreement.

**(3) UTILITIES MASTER SUPPLY AND SERVICES AGREEMENTS FOR UNITED
TECHNOLOGY VIETNAM**

On 10 May 2019, Texhong Industrial Park and United Technology Vietnam entered into the United Technology Vietnam Agreements pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to United Technology Vietnam for its uses on United Technology Vietnam Land with effect from 1 June 2019 to 31 December 2021.

(4) EXTENSION OF THE TEXHONG DYEING AGREEMENTS AND TEXHONG GALAXY AGREEMENTS

To ensure continual supply of utilities services by Texhong Industrial Park to each of Texhong Dyeing and Texhong Galaxy after the expiry of the Texhong Dyeing Agreements and Texhong Galaxy Agreements respectively, on 10 May 2019, Texhong Industrial Park and Texhong Dyeing entered into the 2020-Texhong Dyeing Agreements pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to Texhong Dyeing for its uses on the Texhong Dyeing Land with effect from 1 January 2020 to 31 December 2021. On the same day, Texhong Industrial Park and Texhong Galaxy also entered into the 2020-Texhong Galaxy Agreements pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to Texhong Galaxy for its uses on Texhong Galaxy Land with effect from 1 January 2020 to 31 December 2021.

LISTING RULES IMPLICATION

Texhong Industrial Park is a connected person of the Company by virtue of its being an associate of Mr. Hong Tianzhu, the chairman of the Company and an executive Director. Therefore, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the Agreements will be aggregated and treated as one transaction. As all of the applicable percentage ratios of the transactions contemplated under the Agreements are expected to be less than 5% but the total consideration (on an annual basis) is expected to be more than HK\$3,000,000, the provision and supply of utilities, gas and wastewater treatment service under the Agreements will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

INTRODUCTION

Reference is made to (i) the announcement of the Company dated 23 May 2017 in relation to the supply of utilities and wastewater treatment services by Texhong Industrial Park to each of Texhong Galaxy and Texhong Dyeing; and (ii) the announcement of the Company dated 20 October 2017 in relation to supply of liquefied petroleum gas by Texhong Industrial Park to Texhong Dyeing; and (iii) the announcement of the Company dated 19 June 2018 in relation to the revision of annual caps for supply of utilities and wastewater treatment services by Texhong Industrial Park to each of the Texhong Galaxy and Texhong Dyeing.

(1) REVISION OF FY2019 ANNUAL CAPS FOR TEXHONG GALAXY WATER SUPPLY AND WASTEWATER TREATMENT AGREEMENTS

Principal terms of the Texhong Galaxy Water Supply And Wastewater Treatment Agreements

Texhong Galaxy Water Master Supply Agreement

Pursuant to the Texhong Galaxy Water Master Supply Agreement entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer dated 23 May 2017, Texhong Industrial Park has been supplying water to Texhong Galaxy at the price of VND6,828 per cubic meter, subject to price adjustment as prescribed by government. The fees payable by Texhong Galaxy shall be settled on a monthly basis and shall be payable by Texhong Galaxy no later than the 12th day of the following month.

Texhong Galaxy Wastewater Treatment Service Agreement

Pursuant to the Texhong Galaxy Wastewater Treatment Service Agreement entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer dated 23 May 2017, Texhong Industrial Park has been supplying wastewater treatment service to Texhong Galaxy at the price of USD0.5 per cubic meter, which is determined with reference to market price. The fees payable by Texhong Galaxy shall be settled on a monthly basis and shall be payable by Texhong Galaxy no later than the 16th day of the following month.

Term and termination

The Texhong Galaxy Water And Wastewater Supply Agreements have a term commencing from 23 May 2017 and expiring on 31 December 2019.

Based on the enlarged scale of production of Texhong Galaxy in the fourth quarter of 2018 and the first quarter of 2019 resulting from the increase from approximately 250,000 spindles to 480,000 spindles, the usage of water supply and wastewater treatment service for FY2019 is higher than the original projection by the Group. As a result, it is expected that the aggregate annual fee payable by Texhong Galaxy to Texhong Industrial Park under each of the Texhong Galaxy Water Supply And Wastewater Treatment Agreements will exceed the existing annual cap for FY2019 and has therefore proposed to revise the annual caps of the Texhong Galaxy Water Supply And Wastewater Treatment Agreements for FY2019.

Existing annual caps and revised annual caps

The tables below sets out (a) the actual transaction amount for the year ended 31 December 2018; (b) the existing annual cap for FY2019; and (c) the proposed annual caps for FY2019 for Texhong Galaxy Water Supply And Wastewater Treatment Agreements:

Texhong Galaxy Water Master Supply Agreement

The actual transaction amount for the year ended 31 December 2018 under the Texhong Galaxy Water Master Supply Agreement was approximately RMB876,000 (equivalent to approximately HK\$1.012 million).

FY2019

Existing annual cap	RMB1.52 million
Revised annual cap	RMB2.70 million

Texhong Galaxy Wastewater Treatment Service Agreement

The actual transaction amount for the year ended 31 December 2018 under the Texhong Galaxy Wastewater Treatment Service Agreement was approximately RMB1,593,000 (equivalent to approximately HK\$1.841 million).

FY2019

Existing annual cap	RMB2.2 million
Revised annual cap	RMB3.6 million

The proposed annual caps for FY2019 for the Texhong Galaxy Water Supply And Wastewater Treatment Agreements are determined based on the anticipated increase of usage of water and wastewater treatment services as a result of the expansion of production capacity in Texhong Galaxy.

(2) REVISION OF FY2019 ANNUAL CAP FOR TEXHONG DYEING GAS SUPPLY AGREEMENT

Principal terms of the Texhong Dyeing Gas Supply Agreement

Pursuant to the Texhong Dyeing Gas Supply Agreement into between Texhong Industrial Park as supplier and Texhong Dyeing as customer dated 20 October 2017, Texhong Industrial Park has been supplying liquefied petroleum gas at a price of VND18,000 per kilogram (excluding tax and environmental protection fee, if any), subject to any fluctuation in the market price of liquefied petroleum gas and the operating cost of Texhong Industrial Park. In case of any price adjustment, Texhong Industrial Park shall notify Texhong Dyeing in writing.

Term and termination

The Texhong Dyeing Gas Supply Agreement have a term commencing from 20 October 2017 and expiring on 31 December 2019.

Based on the actual usage of utilities by Texhong Dyeing under each of the Texhong Dyeing Gas Supply Agreement for the year ended 31 December 2018 and the three months ended 31 March 2019, and expected increase of market price of liquefied petroleum gas, it is anticipated that there will be additional cost for supply of liquefied petroleum gas service for FY2019. It is expected that the aggregate annual fee payable by Texhong Dyeing to Texhong Industrial Park under the Texhong Dyeing Gas Supply Agreement will exceed the existing annual cap for FY2019 and has therefore proposed to revise the annual cap of the Texhong Dyeing Gas Supply Agreement for FY2019.

Existing annual cap and revised annual cap

The tables below sets out (a) the actual transaction amount for the year ended 31 December 2018; (b) the existing annual cap for FY2019; and (c) the proposed annual cap for FY2019 for Texhong Dyeing Gas Supply Agreement:

The actual transaction amount for the year ended 31 December 2018 under the Texhong Dyeing Gas Supply Agreement was approximately RMB1,434,000 (equivalent to approximately HK\$1.657 million).

	FY2019
Existing annual cap	RMB3.1 million
Revised annual cap	RMB3.4 million

The proposed annual cap for FY2019 for the Texhong Dyeing Gas Supply Agreement is determined based on (i) the expected increase of usage of liquefied petroleum gas as a result of higher utilisation of the production facilities; and (ii) the anticipated increase in market price of liquefied petroleum gas.

(3) UTILITIES MASTER SUPPLY AND SERVICES AGREEMENT FOR UNITED TECHNOLOGY VIETNAM

The Board announces that on 10 May 2019, Texhong Industrial Park and United Technology Vietnam entered into the United Technology Vietnam Agreements pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to United Technology Vietnam for its uses on the United Technology Vietnam Land with effect from 1 June 2019 and expiring on 31 December 2021.

Principal terms of the United Technology Vietnam Agreements

Date

10 May 2019

Parties

- (a) Texhong Industrial Park as supplier; and
- (b) United Technology Vietnam as customer.

Texhong Industrial Park was established in Vietnam and is ultimately owned as to 78% by Mr. Hong Tianzhu, the chairman of the Company and an executive Director and as to 22% by Mr. Zhu Yongxiang, the co-chief executive officer of the Group and an executive Director. Texhong Industrial Park is principally engaged in infrastructure development.

Fees

United Technology Vietnam Power Master Supply Agreement

Texhong Industrial Park shall procure the supply of electricity to United Technology Vietnam at government-prescribed prices in accordance with its registered use. United Technology Vietnam shall maintain a bank guarantee in the sum of VND8,143,000,000 in favour of Texhong Industrial Park during the term of the United Technology Vietnam Power Master Supply Agreement and up to at least one month upon termination of the United Technology Vietnam Power Master Supply Agreement. Such bank guarantee shall be cancelled within two days upon early termination of the United Technology Vietnam Power Master Supply Agreement. The fees payable by United Technology Vietnam shall be settled every ten days and shall be payable by United Technology Vietnam within seven days after the date of the relevant invoice issued by Texhong Industrial Park.

United Technology Vietnam Steam Master Supply Agreement

Texhong Industrial Park shall procure the supply of steam to United Technology Vietnam at the price of VND386,920 per cubic meter, subject to price adjustment as prescribed by government. The fees payable by United Technology Vietnam shall be settled on a monthly basis and shall be payable by United Technology Vietnam no later than the 10th day of the following month.

United Technology Vietnam Wastewater Treatment Service Agreement

Texhong Industrial Park shall procure the supply of wastewater treatment service to United Technology Vietnam at the price of USD0.5 per cubic meter, which is determined with reference to market price. The fees payable by United Technology Vietnam shall be settled on a monthly basis and shall be payable by United Technology Vietnam no later than the 16th day of the following month.

United Technology Vietnam Water Master Supply Agreement

Texhong Industrial Park shall procure the supply of water to United Technology Vietnam at the price of VND6,828 per cubic meter, subject to price adjustment as prescribed by government. The fees payable by United Technology Vietnam shall be settled on a monthly basis and shall be payable by United Technology Vietnam no later than the 12th day of the following month.

Term and termination

The United Technology Vietnam Agreements have a term commencing from 1 June 2019 and expiring on 31 December 2021.

Proposed annual caps

United Technology Vietnam Power Master Supply Agreement

The Directors anticipate that the aggregate annual fee payable by United Technology Vietnam to Texhong Industrial Park under the United Technology Vietnam Power Master Supply Agreement shall not exceed RMB2.471 million (equivalent to approximately HK\$2.855 million) for FY2019, RMB16.641 million (equivalent to approximately HK\$19.229 million) for the year ending 31 December 2020 and RMB23.245 million (equivalent to approximately HK\$26.860 million) for the year ending 31 December 2021. The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of electricity for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of electricity service will increase at an annual inflation rate of 5%.

United Technology Vietnam Steam Master Supply Agreement

The Directors anticipate that the aggregate annual fee payable by United Technology Vietnam to Texhong Industrial Park under the United Technology Vietnam Steam Master Supply Agreement shall not exceed RMB2.792 million (equivalent to approximately HK\$3.226 million) for FY2019, RMB15.851 million (equivalent to approximately HK\$18.316 million) for the year ending 31 December 2020, and RMB18.943 million (equivalent to approximately HK\$21.889 million) for the year ending 31 December 2021. The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of steam for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of steam service will increase at an annual inflation rate of 5%.

United Technology Vietnam Wastewater Treatment Service Agreement

The Directors anticipate that the aggregate annual fee payable by United Technology Vietnam to Texhong Industrial Park under the United Technology Vietnam Wastewater Treatment Service Agreement shall not exceed RMB1.211 million (equivalent to approximately HK\$1.399 million) for FY2019, RMB6.702 million (equivalent to approximately HK\$7.744 million) for the year ending 31 December 2020 and RMB8.739 million (equivalent to approximately HK\$10.098 million) for the year ending 31 December 2021. The annual caps were determined by the Directors by

reference to (i) the Group's estimated demand for supply of wastewater treatment service for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of wastewater treatment service will increase at an annual inflation rate of 5%.

United Technology Vietnam Water Master Supply Agreement

The Directors anticipate that the aggregate annual fee payable by United Technology Vietnam to Texhong Industrial Park under the United Technology Vietnam Water Master Supply Agreement shall not exceed RMB661,000 (equivalent to approximately HK\$764,000) for FY2019, RMB3.655 million (equivalent to approximately HK\$4.223 million) for the year ending 31 December 2020, and RMB4.767 million (equivalent to approximately HK\$5.508 million) for the year ending 31 December 2021. The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of water for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of water service will increase at an annual inflation rate of 5%.

(4) EXTENSION OF THE TEXHONG DYEING AGREEMENTS AND TEXHONG GALAXY AGREEMENTS

To ensure continual supply of utilities services by Texhong Industrial Park to each of Texhong Dyeing and Texhong Galaxy after the expiry of the Texhong Dyeing Agreements and Texhong Galaxy Agreements respectively, on 10 May 2019, Texhong Industrial Park and Texhong Dyeing entered into the 2020-Texhong Dyeing Agreements pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to Texhong Dyeing for its uses on the Texhong Dyeing Land with effect from 1 January 2020 to 31 December 2021. On the same day, Texhong Industrial Park and Texhong Galaxy also entered into the 2020-Texhong Galaxy Agreements pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to Texhong Galaxy for its uses on Texhong Galaxy Land with effect from 1 January 2020 to 31 December 2021.

(i) Extension of the Texhong Dyeing Agreements

Principal terms of the 2020-Texhong Dyeing Agreements

Texhong Dyeing Power Master Supply Renewal Agreement

Texhong Industrial Park shall procure the supply of electricity to Texhong Dyeing at government-prescribed prices in accordance with its registered use. Texhong Dyeing shall maintain a bank guarantee in the sum of VND8,143,000,000 in favour of Texhong Industrial Park during the term of the Texhong Dyeing Power Master Supply Renewal Agreement and up to at least one month upon termination of the Texhong Dyeing Power Master Supply Renewal Agreement. Such bank guarantee shall be cancelled within two days upon early termination of the Texhong Dyeing Power Master Supply Renewal Agreement. The fees payable by Texhong Dyeing shall be settled every ten days and shall be payable by Texhong Dyeing within seven days after the date of the relevant invoice issued by Texhong Industrial Park.

Texhong Dyeing Water Master Supply Renewal Agreement

Texhong Industrial Park shall procure the supply of water to Texhong Dyeing at the price of VND6,828 per cubic meter, subject to price adjustment as prescribed by government. The fees payable by Texhong Dyeing shall be settled on a monthly basis and shall be payable by Texhong Dyeing no later than the 12th day of the following month.

Texhong Dyeing Steam Master Supply Renewal Agreement

Texhong Industrial Park shall procure the supply of steam to Texhong Dyeing at the price of VND386,920 per cubic meter, subject to price adjustment as prescribed by government. The fees payable by Texhong Dyeing shall be settled on a monthly basis and shall be payable by Texhong Dyeing no later than the 10th day of the following month.

Texhong Dyeing Wastewater Treatment Service Renewal Agreement

Texhong Industrial Park shall procure the supply of wastewater treatment service to Texhong Dyeing at the price of USD0.5 per cubic meter, which is determined with reference to market price. The fees payable by Texhong Dyeing shall be settled on a monthly basis and shall be payable by Texhong Dyeing no later than the 16th day of the following month.

Texhong Dyeing Gas Supply Renewal Agreement

Texhong Industrial Park shall procure the supply of liquefied petroleum gas in accordance with the market price of liquefied petroleum gas and the operating cost of Texhong Industrial Park. The fees payable by Texhong Dyeing shall be settled on a monthly basis and shall be payable by Texhong Dyeing no later than the 10th day of the following month.

Term and termination

The 2020-Texhong Dyeing Agreements have a term commencing from 1 January 2020 and expiring on 31 December 2021.

Existing annual caps and proposed annual caps for the two years ending 31 December 2021

Texhong Dyeing Power Master Supply Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Dyeing Power Master Supply Agreement were RMB12.3 million (equivalent to approximately HK\$14.2 million), RMB19.4 million (equivalent to approximately HK\$22.4 million) and RMB22.4 million (equivalent to approximately HK\$25.9 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Dyeing to Texhong Industrial Park under the Texhong Dyeing Power Master Supply Renewal Agreement shall not exceed

RMB11.966 million (equivalent to approximately HK\$13.827 million) for the year ending 31 December 2020 and RMB15.061 million (equivalent to approximately HK\$17.404 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of electricity for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of electricity service will increase at an annual inflation rate of 5%.

Texhong Dyeing Water Master Supply Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Dyeing Water Master Supply Agreement were RMB1.0 million (equivalent to approximately HK\$1.156 million), RMB2.0 million (equivalent to approximately HK\$2.311 million) and RMB3.0 million (equivalent to approximately HK\$3.467 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Dyeing to Texhong Industrial Park under the Texhong Dyeing Water Master Supply Renewal Agreement shall not exceed RMB5.093 million (equivalent to approximately HK\$5.885 million) for the year ending 31 December 2020 and RMB6.410 million (equivalent to approximately HK\$7.407 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of water for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of water service will increase at an annual inflation rate of 5%.

Texhong Dyeing Steam Master Supply Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Dyeing Steam Master Supply Agreement were RMB9.5 million (equivalent to approximately HK\$10.978 million), RMB20.0 million (equivalent to approximately HK\$23.111 million) and RMB29.1 million (equivalent to approximately HK\$33.626 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Dyeing to Texhong Industrial Park under the Texhong Dyeing Steam Master Supply Renewal Agreement shall not exceed RMB38.962 million (equivalent to approximately HK\$45.022 million) for the year ending 31 December 2020 and RMB49.037 million (equivalent to approximately HK\$56.664 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of steam for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of steam service will increase at an annual inflation rate of 5%.

Texhong Dyeing Wastewater Treatment Service Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Dyeing Wastewater Treatment Service Agreement were RMB142,500 (equivalent to approximately HK\$165,000), RMB2.6 million (equivalent to approximately HK\$3.004 million) and RMB3.7 million (equivalent to approximately HK\$4.275 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Dyeing to Texhong Industrial Park under the Texhong Dyeing Wastewater Treatment Service Renewal Agreement shall not exceed RMB6.67 million (equivalent to approximately HK\$7.707 million) for the year ending 31 December 2020 and RMB8.395 million (equivalent to approximately HK\$9.701 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of wastewater treatment service for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of wastewater treatment service will increase at an annual inflation rate of 5%.

Texhong Dyeing Gas Supply Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Dyeing Gas Supply Agreement were RMB96,500 (equivalent to approximately HK\$112,000), RMB2.0 million (equivalent to approximately HK\$2.311 million) and RMB3.4 million (equivalent to approximately HK\$3.929 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Dyeing to Texhong Industrial Park under the Texhong Dyeing Gas Supply Renewal Agreement shall not exceed RMB9.646 million (equivalent to approximately HK\$11.146 million) for the year ending 31 December 2020 and RMB12.244 million (equivalent to approximately HK\$14.148 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of liquefied petroleum gas for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of liquefied petroleum gas service will increase at an annual inflation rate of 5%.

(ii) Extension of the Texhong Galaxy Agreements

Principal terms of the 2020- Texhong Galaxy Agreements

Texhong Galaxy Power Master Supply Renewal Agreement

Texhong Industrial Park shall procure the supply of electricity to Texhong Galaxy at government-prescribed prices in accordance with its registered use. Texhong Galaxy shall maintain a bank guarantee in the sum of VND8,143,000,000 in favour of Texhong Industrial Park during the term of the Texhong Galaxy Power Master Supply Renewal Agreement and up to at least one month upon termination of the Texhong Galaxy Power Master Supply Renewal Agreement. Such bank guarantee

shall be cancelled within two days upon early termination of the Texhong Galaxy Power Master Supply Renewal Agreement. The fees payable by Texhong Galaxy shall be settled every ten days and shall be payable by Texhong Galaxy within seven days after the date of the relevant invoice issued by Texhong Industrial Park.

Texhong Galaxy Water Master Supply Renewal Agreement

Texhong Industrial Park shall procure the supply of water to Texhong Galaxy at the price of VND6,828 per cubic meter, subject to price adjustment as prescribed by government. The fees payable by Texhong Galaxy shall be settled on a monthly basis and shall be payable by Texhong Galaxy no later than the 12th day of the following month.

Texhong Galaxy Steam Master Supply Renewal Agreement

Texhong Industrial Park shall procure the supply of steam to Texhong Galaxy at the price of VND386,920 per cubic meter, subject to price adjustment as prescribed by government. The fees payable by Texhong Galaxy shall be settled on a monthly basis and shall be payable by Texhong Galaxy no later than the 10th day of the following month.

Texhong Galaxy Wastewater Treatment Service Renewal Agreement

Texhong Industrial Park shall procure the supply of wastewater treatment service to Texhong Galaxy at the price of USD0.5 per cubic meter, which is determined with reference to market price. The fees payable by Texhong Galaxy shall be settled on a monthly basis and shall be payable by Texhong Galaxy no later than the 16th day of the following month.

Term and termination

The 2020-Texhong Galaxy Agreements have a term commencing from 1 January 2020 and expiring on 31 December 2021.

Existing annual caps and proposed annual caps for the two years ending 31 December 2021

Texhong Galaxy Power Master Supply Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Galaxy Power Master Supply Agreement were RMB180.0 million (equivalent to approximately HK\$208.0 million), RMB248.0 million (equivalent to approximately HK\$286.6 million) and RMB260.3 million (equivalent to approximately HK\$300.8 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Galaxy to Texhong Industrial Park under the Texhong Galaxy Power Master Supply Renewal Agreement shall not exceed RMB190.32 million (equivalent to approximately HK\$219.921 million) for the year ending 31 December 2020 and RMB208.981 million (equivalent to approximately HK\$241.485 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of electricity for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of electricity service will increase at an annual inflation rate of 5%.

Texhong Galaxy Water Master Supply Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Galaxy Water Master Supply Agreement were RMB170,000 (equivalent to approximately HK\$196,000), RMB880,000 (equivalent to approximately HK\$1.017 million) and RMB2.7 million (equivalent to approximately HK\$3.120 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Galaxy to Texhong Industrial Park under the Texhong Galaxy Water Master Supply Renewal Agreement shall not exceed RMB3.206 million (equivalent to approximately HK\$3.705 million) for the year ending 31 December 2020 and RMB5.098 million (equivalent to approximately HK\$5.891 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of water for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of water service will increase at an annual inflation rate of 5%.

Texhong Galaxy Steam Master Supply Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Galaxy Steam Master Supply Agreement were RMB1.9 million (equivalent to approximately HK\$2.196 million), RMB8.3 million (equivalent to approximately HK\$9.591 million) and RMB10.3 million (equivalent to approximately HK\$11.902 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Galaxy to Texhong Industrial Park under the Texhong Galaxy Steam Master Supply Renewal Agreement shall not exceed RMB14.709 million (equivalent to approximately HK\$16.997 million) for the year ending 31 December 2020 and RMB33.987 million (equivalent to approximately HK\$39.273 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of steam for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of steam service will increase at an annual inflation rate of 5%.

Texhong Galaxy Wastewater Treatment Service Agreement

For each of the three years ending 31 December 2019, the annual caps under the Texhong Galaxy Wastewater Treatment Service Agreement were RMB126,000 (equivalent to approximately HK\$146,000), RMB1.6 million (equivalent to approximately HK\$1.849 million) and RMB3.6 million (equivalent to approximately HK\$4.160 million), respectively. The Directors anticipate that the aggregate annual fee payable by Texhong Galaxy to Texhong Industrial Park under the Texhong Galaxy Wastewater Treatment Service Renewal Agreement shall not

exceed RMB4.16 million (equivalent to approximately HK\$4.807 million) for the year ending 31 December 2020 and RMB6.598 million (equivalent to approximately HK\$7.624 million) for the year ending 31 December 2021.

The annual caps were determined by the Directors by reference to (i) the Group's estimated demand for supply of wastewater treatment service for production up to the year ending 31 December 2021; and (ii) on the assumption that the costs for the supply of wastewater treatment service will increase at an annual inflation rate of 5%.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in the manufacture and distribution of quality yarn, grey fabrics and garment fabrics as well as garments, especially high value-added core-spun yarn.

The Directors consider that it is for the commercial benefit of the Group to source utilities and wastewater treatment service from Texhong Industrial Park instead of incurring capital expenditure or additional cost for construction of its own facility or sourcing from third party suppliers, as the fees will be based on the actual usage by Texhong Galaxy, Texhong Dyeing and United Technology Vietnam as determined by separate meters for measuring the amount of utilities consumed by Texhong Galaxy, Texhong Dyeing and United Technology Vietnam at prescribed prices.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Agreements have been entered into in the ordinary and usual course of business of the Group and on normal commercial terms, and that the terms of the Agreements and the annual caps are fair and reasonable and in the interests of the Shareholders as a whole.

LISTING RULES IMPLICATIONS

Texhong Industrial Park is a connected person of the Company by virtue of its being an associate of Mr. Hong Tianzhu, the chairman of the Company and an executive Director. Therefore, the transactions contemplated under the Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Pursuant to Rules 14A.81 and 14A.82 of the Listing Rules, the transactions contemplated under the Agreements will be aggregated and treated as one transaction. As all of the applicable percentage ratios of the transactions contemplated under the Agreements are expected to be less than 5% but the total consideration (on an annual basis) is expected to be more than HK\$3,000,000, the provision and supply of utilities, gas and wastewater treatment service under the Agreements will be subject to the reporting, announcement and annual review requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Mr. Hong Tianzhu and Mr. Zhu Yongxiang had material interests in the transactions contemplated under the Agreements and have abstained from voting on the board resolution. Save as disclosed above, none of the Directors had a material interest in such transactions.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2020-TEXHONG DYEING AGREEMENTS”	Texhong Dyeing Gas Supply Renewal Agreement, Texhong Dyeing Power Master Supply Renewal Agreement, Texhong Dyeing Steam Master Supply Renewal Agreement, Texhong Dyeing Wastewater Treatment Service Renewal Agreement and Texhong Dyeing Water Master Supply Renewal Agreement
“2020-TEXHONG GALAXY AGREEMENTS”	Texhong Galaxy Power Master Supply Renewal Agreement, Texhong Galaxy Steam Master Supply Renewal Agreement, Texhong Galaxy Wastewater Treatment Service Renewal Agreement and Texhong Galaxy Water Master Supply Renewal Agreement
“AGREEMENTS”	the Texhong Galaxy Water Supply And Wastewater Treatment Agreements, the Texhong Dyeing Water Supply And Wastewater Treatment Agreements, the United Technology Vietnam Agreements, 2020 Texhong Galaxy Agreements and 2020 Texhong Dyeing Agreements
“ASSOCIATE”	has the same meaning ascribed thereto under the Listing Rules
“BOARD”	the board of Directors
“COMPANY”	Texhong Textile Group Limited, an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange
“CONNECTED PERSON(S)”	has the same meaning ascribed thereto under the Listing Rules
“DIRECTORS”	the directors of the Company
“FY2019”	for the year ending 31 December 2019
“GROUP”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HONG KONG”	The Hong Kong Special Administrative Region of the PRC
“LISTING RULES”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Texhong Dyeing”	Texhong Winnitex Vietnam Limited (天虹慶業越南有限公司) (formerly known as Texhong Dyeing And Printing Vietnam Limited (越南天虹染整責任有限公司)), a company established in Vietnam and an indirect non wholly-owned subsidiary of the Company
“Texhong Dyeing Agreements”	the Texhong Dyeing Power Master Supply Agreement, the Texhong Dyeing Steam Master Supply Agreement, the Texhong Dyeing Wastewater Treatment Service Agreement, Texhong Dyeing Water Master Supply Agreement and Texhong Dyeing Gas Supply Agreement
“Texhong Dyeing Gas Supply Agreement”	the gas supply agreement dated 20 October 2017 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of liquefied petroleum gas
“Texhong Dyeing Gas Supply Renewal Agreement”	the renewal agreement for Texhong Dyeing Gas Supply Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of liquefied petroleum gas
“Texhong Dyeing Land”	a parcel of industrial land located at Texhong Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 123,228 square meters and the infrastructure erected thereon
“Texhong Dyeing Power Master Supply Agreement”	the power master supply agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of electricity
“Texhong Dyeing Power Master Supply Renewal Agreement”	the renewal agreement for Texhong Dyeing Power Master Supply Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of electricity
“Texhong Dyeing Steam Master Supply Agreement”	the steam master supply agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of steam

“Texhong Dyeing Steam Master Supply Renewal Agreement”	the renewal agreement for Texhong Dyeing Steam Master Supply Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of steam
“Texhong Dyeing Wastewater Treatment Service Agreement”	the wastewater treatment service agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of wastewater treatment service
“Texhong Dyeing Wastewater Treatment Service Renewal Agreement”	the renewal agreement for Texhong Dyeing Wastewater Treatment Service Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of wastewater treatment service
“Texhong Dyeing Water Master Supply Agreement”	the water master supply agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of water
“Texhong Dyeing Water Master Supply Renewal Agreement”	the renewal agreement for Texhong Dyeing Water Master Supply Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Dyeing as customer in relation to the provision and supply of water
“Texhong Dyeing Water Supply And Wastewater Treatment Agreements”	Texhong Dyeing Water Master Supply Agreement and Texhong Dyeing Wastewater Treatment Service Agreement
“Texhong Galaxy”	Texhong Galaxy Technology Limited (天虹銀河科技有限公司), a company established in Vietnam and an indirect wholly-owned subsidiary of the Company
“Texhong Galaxy Agreements”	the Texhong Galaxy Power Master Supply Agreement, the Texhong Galaxy Steam Master Supply Agreement, the Texhong Galaxy Wastewater Treatment Service Agreement and the Texhong Galaxy Water Master Supply Agreement
“Texhong Galaxy Land”	two parcels of industrial land located at Texhong Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 225,000 square meters and 215,000 square meters, respectively, and the infrastructure erected thereon

“Texhong Galaxy Power Master Supply Agreement”	the power master supply agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of electricity
“Texhong Galaxy Power Master Supply Renewal Agreement”	the renewal agreement for Texhong Galaxy Power Master Supply Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of electricity
“Texhong Galaxy Steam Master Supply Agreement”	the steam master supply agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of steam
“Texhong Galaxy Steam Master Supply Renewal Agreement”	the renewal agreement for Texhong Galaxy Steam Master Supply Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of steam
“Texhong Galaxy Wastewater Treatment Service Agreement”	the wastewater treatment service agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of wastewater treatment service
“Texhong Galaxy Wastewater Treatment Service Renewal Agreement”	the renewal agreement for Texhong Galaxy Wastewater Treatment Service Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of wastewater treatment service
“Texhong Galaxy Water Master Supply Agreement”	the water master supply agreement dated 23 May 2017 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of water
“Texhong Galaxy Water Master Supply Renewal Agreement”	the renewal agreement for Texhong Galaxy Water Master Supply Agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and Texhong Galaxy as customer in relation to the provision and supply of water
“Texhong Galaxy Water Supply And Wastewater Treatment Agreements”	Texhong Galaxy Water Master Supply Agreement and Texhong Galaxy Wastewater Treatment Service Agreement

“Texhong Industrial Park”	Texhong Industrial Park Vietnam Limited (天虹工業園區越南有限公司) (formerly known as Texhong Haiha Industrial Park Vietnam Company Limited (越南天虹海河工業區有限公司)), a company established in Vietnam which is ultimately owned by Mr. Hong Tianzhu, the chairman of the Group and an executive Director as to 78% and Mr. Zhu Yongxiang, the co-chief executive officer of the Group and an executive Director as to 22%
“United Technology Vietnam”	Texhong United Technology Vietnam Company Limited (天虹聯合科技越南有限公司, a company established in Vietnam and an indirect wholly-owned subsidiary of the Company
“United Technology Vietnam Agreements”	United Technology Vietnam Power Master Supply Agreement, United Technology Vietnam Steam Master Supply Agreement, United Technology Vietnam Wastewater Treatment Service Agreement and United Technology Vietnam Water Master Supply Agreement
“United Technology Vietnam Land”	a parcel of industrial land located at Texhong Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 269,748.5 square meters and the infrastructure erected thereon
“United Technology Vietnam Power Master Supply Agreement”	the power master supply agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and United Technology Vietnam as customer in relation to the provision and supply of electricity
“United Technology Vietnam Steam Master Supply Agreement”	the steam master supply agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and United Technology Vietnam as customer in relation to the provision and supply of steam
“United Technology Vietnam Wastewater Treatment Service Agreement”	the wastewater treatment service agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and United Technology Vietnam as customer in relation to the provision and supply of wastewater treatment service
“United Technology Vietnam Water Master Supply Agreement”	the water master supply agreement dated 10 May 2019 and entered into between Texhong Industrial Park as supplier and United Technology Vietnam as customer in relation to the provision and supply of water

“Vietnam”	the Socialist Republic of Vietnam
“VND”	Vietnamese dong, the lawful currency of Vietnam
“%”	per cent.

For the purpose of this announcement, the exchange rate of HK\$1.00 = RMB0.8654 and RMB1.00 = VND3,600 have been used for currency conversions. This is for the purpose of illustration only and does not constitute a representation that any amounts in HK\$, RMB and VND have been, could have been or may be converted at such rate or any other exchange rate.

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

Hong Kong, 10 May 2019

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