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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)**

**SUPPLEMENTAL ANNOUNCEMENT  
IN RELATION TO  
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**

Reference is made to the announcement of the Company dated 10 May 2019 (the “**Announcement**”) in relation to continuing connected transactions for (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 service agreements for United Technology Vietnam; and (4) extension of the Texhong Dyeing Agreements and Texhong Galaxy Agreements. Unless otherwise stated, Capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Directors wishes to provide further information regarding the pricing policy adopted by the parties for determining the fees payable by the Group under the relevant Agreements:

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

For the Texhong Galaxy Water Master Supply Agreement, the unit selling price for the supply of water by Texhong Industrial Park of VND6,828 per cubic meter (exclusive of tax) had been determined by the parties with reference to the water resources fee prescribed by the Vietnam government and the operating costs attributable to the supply of water by Texhong Industrial Park, subject to price adjustment as prescribed by the Vietnam government (if any).

For the Texhong Galaxy Wastewater Treatment Service Agreement, the unit selling price for the provision of wastewater treatment service by Texhong Industrial Park of USD0.5 per cubic meter (exclusive of tax) had been determined by the parties with reference to the prevailing market price for comparable wastewater treatment services provided by other independent service providers in other industrial parks located in Quang Ninh Province, Vietnam, provided that the terms of Texhong Galaxy Wastewater Treatment Service Agreement shall not be less favourable than those terms offered by Texhong Industrial Park to its independent third party customers.

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

For the Texhong Dyeing Gas Supply Agreement, the unit selling price for the supply of liquefied petroleum gas by Texhong Industrial Park of VND18,000 per kilogram (exclusive of tax) had been determined by reference to the procurement cost which Texhong Industrial Park sourced liquefied petroleum gas from its ultimate supplier, a state-owned enterprise in Vietnam. In case of any price adjustment caused by the fluctuation in the global market price of liquefied petroleum gas, the Group will obtain the relevant supplier invoice and the contract evidencing the price adjustment in the procurement cost of liquefied petroleum gas from Texhong Industrial Park. The Group will also independently check the global market price of liquefied petroleum gas to ensure that the price adjustment proposed by Texhong Industrial Park is in line with the prevailing global market price of liquefied petroleum gas.

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

For the United Technology Vietnam Steam Master Supply Agreement, the unit selling price for the supply of steam by Texhong Industrial Park of VND386,920 per cubic meter (exclusive of tax) had been determined by the parties with references to the production costs of steam by Texhong Industrial Park and the operating costs attributable to the supply of steam by Texhong Industrial Park, subject to price adjustment as prescribed by the Vietnam government (if any).

For the United Technology Vietnam Wastewater Treatment Service Agreement, the unit selling price for the provision of wastewater treatment service by Texhong Industrial Park of USD0.5 per cubic meter (exclusive of tax) had been determined by the parties with reference to the prevailing market price for comparable wastewater treatment services provided by other independent service providers in other industrial parks located in Quang Ninh Province, Vietnam, provided that the terms of the United Technology Vietnam Wastewater Treatment Service Agreement shall not be less favourable than those terms offered by Texhong Industrial Park to its independent third party customers.

For the United Technology Vietnam Water Master Supply Agreement, the unit selling price for the supply of water by Texhong Industrial Park of VND6,828 per cubic meter (exclusive of tax) had been determined by the parties with reference to the water resources fee prescribed by the Vietnam government and the operating costs attributable to the supply of water by Texhong Industrial Park, subject to price adjustment as prescribed by the Vietnam government (if any).

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

For the Texhong Dyeing Steam Master Supply Renewal Agreement, the unit selling price for the supply of steam by Texhong Industrial Park of VND386,920 per cubic meter (exclusive of tax) had been determined by the parties with references to the production costs of steam by Texhong Industrial Park and the operating costs attributable to the supply of steam by Texhong Industrial Park, subject to price adjustment as prescribed by the Vietnam government (if any).

For the Texhong Dyeing Wastewater Treatment Service Renewal Agreement, the unit selling price for the provision of wastewater treatment service by Texhong Industrial Park of USD0.5 per cubic meter (exclusive of tax) had been determined by the parties with reference to the prevailing market price for comparable wastewater treatment services provided by other independent service providers in other industrial parks located in Quang Ninh Province, Vietnam, provided that the terms of Texhong Dyeing Wastewater Treatment Service Renewal Agreement shall not be less favourable than those terms offered by Texhong Industrial Park to its independent third party customers.

For the Texhong Dyeing Water Master Supply Renewal Agreement, the unit selling price for the supply of water by Texhong Industrial Park of VND6,828 per cubic meter (exclusive of tax) had been determined by the parties with reference to the water resources fee prescribed by the Vietnam government and the operating costs attributable to the supply of water by Texhong Industrial Park, subject to price adjustment as prescribed by the Vietnam government (if any).

For the Texhong Dyeing Gas Supply Renewal Agreement, the unit selling price for the supply of liquefied petroleum gas by Texhong Industrial Park of VND18,000 per kilogram (exclusive of tax) had been determined by reference to the procurement cost which Texhong Industrial Park sourced liquefied petroleum gas from its ultimate supplier, a state-owned enterprise in Vietnam. In case of any price adjustment caused by the fluctuation in the global market price of liquefied petroleum gas, the Group will obtain the relevant supplier invoice and the contract evidencing the price adjustment in the procurement cost of liquefied petroleum gas from Texhong Industrial Park. The Group will also independently check the global market price of liquefied petroleum gas to ensure that the price adjustment proposed by Texhong Industrial Park is in line with the prevailing global market price of liquefied petroleum gas.

For the Texhong Galaxy Steam Master Supply Renewal Agreement, the unit selling price for the supply of steam by Texhong Industrial Park of VND386,920 per cubic meter (exclusive of tax) had been determined by the parties with references to the production costs of steam by Texhong Industrial Park and the operating costs attributable to the supply of steam by Texhong Industrial Park, subject to price adjustment as prescribed by the Vietnam government (if any).

For the Texhong Galaxy Wastewater Treatment Service Renewal Agreement, the unit selling price for the provision of wastewater treatment service by Texhong Industrial Park of USD0.5 per cubic (exclusive of tax) meter had been determined by the parties with reference to the prevailing market price for comparable wastewater treatment services provided by other independent service providers in other industrial parks

located in Quang Ninh Province, Vietnam, provided that the terms of the Texhong Galaxy Wastewater Treatment Service Renewal Agreement shall not be less favourable than those terms offered by Texhong Industrial Park to its independent third party customers.

For the Texhong Galaxy Water Master Supply Renewal Agreement, the unit selling price for the supply of water by Texhong Industrial Park of VND6,828 per cubic meter (exclusive of tax) had been determined by the parties with reference to the water resources fee prescribed by the Vietnam government and the operating costs attributable to the supply of water by Texhong Industrial Park, subject to price adjustment as prescribed by the Vietnam government (if any).

Save as disclosed above, all other information in the Announcement shall remain unchanged.

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

Hong Kong, 17 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