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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)**

**PROFIT WARNING**

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 (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the five months ended 31 May 2020 and the information currently available to the Board, the Group is expected to record a result around the breakeven region for the six months ending 30 June 2020 (the “**Period**”), representing a significant decrease in the results of the Group as compared to the net profit of the Group for the six months ended 30 June 2019 of approximately RMB486.3 million.

The significant decrease in the result of the Group was mainly attributable to (i) the adverse impacts of COVID-19, which resulted in a decrease in the sales of the Group due to the weak consumer sentiment amidst the global outbreak of the pandemic, and (ii) the one-off accounting gain on acquisition of about RMB209 million in the corresponding period in 2019 while there is no such gain for the Period. The Board estimates that there will be a decrease of turnover in the range of 20% to 30% for the Period as compared to the corresponding period in 2019.

Despite the difficult operating environment, the Board has already seen the rebound in sales orders and improvement of consumer sentiment since May 2020. Besides, the liquidity of the Group remains strong. The Board estimates that the Group will have not less than RMB3 billion of cash and cash equivalent as of 30 June 2020, as compared to that of about RMB1.8 billion as of 31 December 2019. The Group will closely monitor the market situation and the development of the COVID-19 epidemic and will focus on making full use of existing production capacity for the rest of this year to increase profitability and enhance financial stability of the Group.

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 five months ended 31 May 2020, which have not been reviewed nor audited by the Company's auditors or the audit committee of the Company. The Board also wishes to emphasize that the performance of the Group can be affected by market environment, including cotton market price, the development of the global COVID-19 pandemic, the status of the Sino-US trade war and foreign exchange rate of Renminbi. The Group's interim results for the Period will be announced by the end of August 2020 in compliance with the Listing Rules.

**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, 23 June 2020

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