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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 year ended 31 December 2020 and the information currently available to the Board, the Group is expected to record a substantial drop in net profit of about 45% for the year ended 31 December 2020 as compared to the net profit of the Group for the year ended 31 December 2019 of approximately RMB922.7 million.

As mentioned in the interim result announcement of the Company dated 21 August 2020, the Board expected that the full year performance of the Group would be affected due to the weak consumer sentiment amidst the global outbreak of the COVID-19 pandemic. Nevertheless, the overall textile market has continued to stabilize and recover especially for China in the fourth quarter of 2020 while raw material prices including cotton and synthetic fibers have also shown a rebound. As a result, the overall revenue of the Group in 2020 recorded a less than 15% drop as compared with that of 2019, which is less than the original expectation of a drop of about 20%. At the moment, the Board believes the overall textile market has returned to a relatively normal condition except that overseas demand in woven garment fabrics is yet to recover.

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 2020, which the Company’s auditors or the audit committee of the Company have not yet finished their audit and review. 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 final results for the year ended 31 December 2020 will be announced by the end of March 2021 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, 25 February 2021

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