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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 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**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, after the drop in the auction price of the national cotton reserve set by the PRC government since April this year, the yarn market prices in the PRC have further declined. After review of the Group’s unaudited management accounts for the five months ended 31 May 2014, it is expected that the earnings of the Group for the six months ending 30 June 2014 will result in a substantial decline as compared to the corresponding period last year. The decline of the earnings of the Group is mainly attributable to the weak yarn selling prices of the Group in the PRC market and the depreciation of Renminbi. Despite the tough market environment, sales volume of yarns of the Group still recorded a growth. According to the unaudited management accounts of the Group for the month ended 31 May 2014, the Group’s sales volume of yarns almost reached a comparatively high level of 37,000 tonnes in the month of May.

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 2014, which have not yet 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. The Directors wish to emphasize that the results of the Group for the six months ending 30 June 2014 will be affected by the cotton market price, yarn selling prices and the foreign exchange rate of Renminbi. In particular, the cotton market price may be subject to frequent and volatile fluctuation. Further announcement(s) will be made by the Company if there is any significant change of the Group’s performance for the six months ending 30 June 2014.

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

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

Hong Kong, 10 June 2014

As at the date of this announcement, the Board comprises the following Directors:

Executive Directors:

Mr. Hong Tianzhu
Mr. Zhu Yongxiang
Mr. Tang Daoping

Independent non-executive Directors:

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