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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)

**COMPLETION OF PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION OF NEW SHARES**

Placing Agents



The Board is pleased to announce that in accordance with the terms of the Placing Agreement and the Subscription Agreement, the Placing was completed on 17 October 2016 and the Subscription was completed on 25 October 2016 respectively.

Reference is made to the announcement (the “**Announcement**”) of the Company dated 13 October 2016. Terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

COMPLETION OF THE PLACING AND THE SUBSCRIPTION

The Board is pleased to announce that, in accordance with the terms of the Placing Agreement, the Placing was completed on 17 October 2016 and a total of 30,318,827 Placing Shares at the placing price of HK\$9.50 per Placing Share were placed to not less than six independent placees.

To the best knowledge of the Directors, the placees and (where applicable) their ultimate beneficial owners are independent of and not connected with or not acting in concert with the Vendor or its associates (as such term is defined in the Listing Rules) or the directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of its or their respective associates. None of the placees have become a controlling or substantial

shareholder of the Company immediately after the Placing and the Vendor has not, as a result of the Placing, ceased to be the controlling or single largest shareholder of the Company.

As all conditions of the Subscription have been fulfilled, the Subscription was completed on 25 October 2016 in accordance with the terms of the Subscription Agreement, whereby 30,318,827 Subscription Shares, representing the same number of Placing Shares actually placed under the Placing, were allotted and issued to the Vendor at the subscription price of HK\$9.50 per Subscription Share, which was equivalent to the price per Placing Share.

The net proceeds received by the Company from the Subscription, after deducting related placing commission, professional fees and all related expenses, from the Subscription are approximately HK\$283 million. As disclosed in the Announcement, the Company intends to retain the net proceeds as capital expenditure required for the Group's projects in Vietnam and as general working capital of the Group.

CHANGES TO SHAREHOLDING AS A RESULT OF THE PLACING AND THE SUBSCRIPTION

Set out below is the shareholding structure of the Company (a) immediately before the Placing and the Subscription; (b) immediately after the Placing but before the Subscription; and (c) immediately after the Placing and the Subscription.

Shareholders	Immediately before the Placing and the Subscription		Immediately after the Placing but before the Subscription		Immediately after the Placing and the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Connected persons						
The Vendor (<i>Note 1</i>)	392,842,400	44.40%	362,523,573	40.97%	392,842,400	42.93%
Trade Partner Investments Limited (<i>Note 2</i>)	151,900,000	17.17%	151,900,000	17.17%	151,900,000	16.60%
Wisdom Grace Investments Limited (<i>Note 3</i>)	68,000,000	7.69%	68,000,000	7.69%	68,000,000	7.43%
Hong Tianzhu	5,400,000	0.61%	5,400,000	0.61%	5,400,000	0.59%
Tang Daoping	1,700,000	0.19%	1,700,000	0.19%	1,700,000	0.19%
Public						
Placeses	—	—	30,318,827	3.43%	30,318,827	3.31%
Other public shareholders	<u>264,838,773</u>	<u>29.94%</u>	<u>264,838,773</u>	<u>29.94%</u>	<u>264,838,773</u>	<u>28.95%</u>
Total:	<u>884,681,173</u>	<u>100.00%</u>	<u>884,681,173</u>	<u>100.00%</u>	<u>915,000,000</u>	<u>100.00%</u>

Notes:

- These 392,842,400 Shares are registered in the name of and beneficially owned by the Vendor, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly beneficially owned by Mr. Hong Tianzhu.
- These 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong Tianzhu through the Vendor and 42.56% by Mr. Zhu Yongxiang through Wisdom Grace Investments Limited.

3. These 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang.

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

Hong Kong, 25 October 2016

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