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HUAFENG
華 豐

HUAFENG TEXTILE INTERNATIONAL GROUP LIMITED **華豐紡織國際集團有限公司**

(Incorporated in the Cayman Islands with limited liability)

ANNOUNCEMENT

On 23 July 2003 the Company made an announcement upon enquiries made by the Stock Exchange regarding movement in the price and trading volume of the Shares. Before the publication of this announcement, the Board of Directors had confirmed verbally with all Directors including Mr. Cai Zhen Ying, Mr. Cai Zhen Yao, Mr. Cai Yang Bo and Mr. Cai Zhen Rong, on the accuracy and completeness of the contents of the Previous Announcement. The Company would clarify that normally the broker should notify shareholder the disposal of shares on the date of disposal, however the broker delayed in notifying the disposal of Shares on 24 July 2003. Therefore, Mr. Cai Zhen Yao, Mr. Cai Zhen Ying and Mr. Cai Yang Bo, all executive Directors, and Ms. Su Li Yuan, wife of Mr. Cai Zhen Rong (an executive Director) who is an associate of Mr. Cai Zhen Rong for the purpose of the Listing Rules, notified the Company on 25 July 2003 in respect of the disposal of the Shares. The total number of Shares held by the above and total number of Shares disposed are 25,600,000 Shares, representing 3.64% of total number of issued Shares of the Company, at an average price of HK\$1.18 or disposed at the price range of HK\$1.14-HK\$1.21.

Save as disclosed in this announcement and the Previous Announcement, the board of the Directors (the "Board") is not aware of any other reason for the price and volume movements on 23 July 2003 and the Board confirms the accuracy of this announcement.

In view of the present incident, the Company has reminded again all Directors of the need to notify the Company all price sensitive events known to them immediately in the future

and to comply with Appendix 10 of the Listing Rules. Appropriate announcement(s) will be made by the Company if the Company is in receipt of such information.

The Stock Exchange is concerned about the accuracy and completeness of the Previous Announcement made by the Company which each Director individually and jointly accept responsibility and is looking into the matter and reserves the right to take appropriate action.

This announcement is made by Huafeng Textile International Group Limited (the “Company”) to clarify the announcement of the Company dated 23 July 2003 (the “Previous Announcement”) in respect of the price and trading volume movements of the Company’s shares (the “Shares” and each a “Share”).

On 23 July 2003, the Company noted increases in price and trading volume of the Shares. In ascertaining whether any directors of the Company (the “Directors”) had any dealings in the Shares and whether any of them was aware of any reason for the increase in price and trading volume of the Shares, the Company had sought and obtained verbal confirmations from each of them on the accuracy and completeness of the contents of the Previous Announcement before it was made.

The Company would clarify that normally the broker should notify shareholder the disposal of shares on the date of disposal, however the broker delayed in notifying the disposal of Shares on 24 July 2003. Therefore, Mr. Cai Zhen Yao, Mr. Cai Zhen Ying and Mr. Cai Yang Bo, all executive Directors, and Ms. Su Li Yian, wife of Mr. Cai Zhen Rong (an executive Director) who is an associate of Mr. Cai Zhen Rong for the purpose of the Listing Rules, notified the Company on 25 July 2003 in respect of the disposal of the Shares, with details as follows:

No. of Shares held as at 23 July 2003	No. of Shares disposed of on 23 July 2003	Percentage of Shares disposed to total issued share capital of the Company as at 23 July 2003	Average Price of disposal	Range of price of disposal
25,600,000	25,600,000	3.64%	HK\$1.18	HK\$1.14 – HK\$1.21

Note:

- (1) Mr. Cai Zhen Yao and Mr. Cai Zhen Ying are brothers of Mr. Cai Zhen Rong, and Mr. Cai Yang Bo is the son of Mr. Cai Zhen Rong.
- (2) The disposed Shares is arising from the exercise of options granted to Directors and employees of the group on 29 January 2003 and allotted on 23 July 2003. Before the allotment of the Shares, Mr. Cai Zhen Ying, Mr. Cai Zhen Yao and Mr. Cai Yang Bo and Ms. Su Li Yuan did not hold any Share in the Company. After the disposal of the Shares, Mr. Cai Zhen Ying, Mr. Cai Zhen Yao and Mr. Cai Yang Bo and Ms. Su Li Yuan did not hold any Share in the Company.

Save as disclosed in this announcement and the Previous Announcement, the Board is not aware of any other reason for the price and volume movements on 23 July 2003 and the Board confirms the accuracy of this announcement.

In view of the present incident, the Company has reminded again all Directors of the need to notify the Company all price sensitive events known to them immediately in the future and to comply with Appendix 10 of the Listing Rules. Appropriate announcement(s) will be made by the Company if the Company is in receipt of such information.

The Stock Exchange is concerned about the accuracy and completeness of the Previous Announcement made by the Company which each Director individually and jointly accept responsibility and is looking into the matter and reserves the right to take appropriate action.

By order of the Board
SZE TAK ON
Company Secretary

Hong Kong, 25 July 2003

Please also refer to the published version of this announcement in China Daily.