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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)**

**POSITIVE PROFIT ALERT**

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**”) is pleased to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on a review of the Group’s unaudited consolidated management accounts for the year ended 31 December 2021, the net profit after tax of the Group for the six months ended 31 December 2021 was at a similar level to that for the six months ended 30 June 2021. Given that the operating environment of the Group in the second half of 2021 was similar to that of the first half of 2021, the Board is of the view that the strong performance of the Group was mainly attributable to the continuous recovery of market demand for textile products and strong product gross margin. Due to the increase in raw material prices, the average product selling prices have been raised accordingly while the raw material purchased in prior months were at a lower cost. As a result, the overall products of the Group had a higher than normal gross margin for the year ended 31 December 2021.

The Group will continue to pursue its corporate strategy of optimizing its existing product mix, developing new products that cater for the trend and demand of the market and fully leveraging the advantages of the overseas production plants of the Group in order to further improve the financial performance of the Group. However, the Board also wishes to emphasize that the performance of the Group can be affected by market environment, including cotton market price, the global development of the COVID-19 pandemic, the foreign exchange rate of Renminbi and the impact of the Sino-US dispute on the global textile market.

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 2021, which have not been confirmed or reviewed by the Company’s auditors or the audit

committee of the Company at the date of this announcement. Detailed financial results of the Group for the year ended 31 December 2021 will be disclosed in the annual results announcement of the Group which is expected to be published before end of March 2022.

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, 18 January 2022

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

*Independent non-executive directors:*

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