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TEXHONG INTERNATIONAL GROUP LIMITED

天虹國際集團有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 2678)

PROFIT WARNING

This announcement is made by Texhong International 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 five months ended 31 May 2023 and the information currently available to the Board, the Group is expected to record a net loss of about RMB800 million for the six months ending 30 June 2023 (the “**Period**”), as compared to the net profit of the Group for the six months ended 30 June 2022 of approximately RMB1 billion.

The net loss is expected to be mainly attributable to the continued weak demand for textiles in the overseas markets during the Period, resulting in weak product selling prices and low utilization rates of the Group’s production capacity, which in turn affected the unit production costs and gross profit margins of the Group. However, the situation has started to improve in the second quarter of 2023, and together with the stabilization of cotton prices, the Group’s profitability is expected to gradually improve. Despite the difficult operating environment, the cash position of the Group remains strong. The Group will closely monitor the market situation and will focus on optimizing product mix to improve utilization of the Group’s production capacity.

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 2023, which have not been reviewed nor audited by the Company's auditors or the audit committee of the Company. The Board also wishes to emphasize that the performance of the Group can be affected by market environment, including, but not limited to, cotton market price, foreign policy of the United States of America towards the People's Republic of China and the foreign exchange rate of Renminbi. The Group's interim results for the Period will be announced by the end of August 2023 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 International Group Limited
Hong Tianzhu
Chairman

Hong Kong, 19 June 2023

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:

Prof. Cheng Longdi
Prof. Tao Xiaoming
Mr. Shu Wa Tung, Laurence