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**PACIFIC TEXTILES HOLDINGS LIMITED**

**互太紡織控股有限公司\***

*Incorporated in the Cayman Islands with limited liability*  
**(Stock code 01382)**

**ANNOUNCEMENT  
INSIDE INFORMATION  
FURTHER DEVELOPMENTS REGARDING INTERRUPTION OF BUSINESS  
OF FACTORY IN VIETNAM**

This announcement is made by Pacific Textiles Holdings Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance. Reference is made to the announcements of the Company dated 19 April 2017, 5 May 2017, 22 May 2017, 5 June 2017, 19 June 2017, 3 July 2017, 17 July 2017, 7 August 2017 and 21 August 2017 (the “**Announcements**”) in relation to the Issue. Terms defined in the Announcements bear the same meanings in this announcement unless the context requires otherwise.

As of today, the gateway of the Company’s factory (“**Factory**”) in Vietnam is still blocked by the villagers. To the best knowledge of the Company, the villagers block the gateway because they are not satisfied with the land compensation when their land was resumed for the construction of the industrial park (“**Industrial Park**”) where the Factory is located. The land compensation is an issue between the local government and the villagers. It does not relate to the Company.

The villagers also claim that they do not welcome dyeing factories as they are considered a polluting industry. In December 2016, there was a minor incident (“**Incident**”) involving leakage of waste water from the Factory to the area of the Industrial Park as a result of a mechanical failure of the water pump in the Factory’s waste water treatment plant. The leakage did not go into the river or any water source of the village. As soon as it became aware of the leakage, the Factory attended to the repair of the water pump and resolved the problem. Environmental officials from the government had inspected the facility and were satisfied that the problem was resolved. As a result of the leakage, the Factory was ordered to suspend work for half a day and was fined US\$29,600. After the half day suspension, the Factory resumed normal operation until the entrance road was blocked by the villagers in April 2017. With the approval of the Factory, the Vietnam government invited the villagers to send representatives to inspect the Factory’s waste water treatment plant together with government officials. But so far, the villagers have not sent any representatives in response to the invitation. The Company therefore believes that the Incident is not the major cause of the Blockage and environmental concern is only an excuse of the villagers to ask for more land compensation.

The Vietnam government has declared the Blockage illegal and has taken legal steps to remove the Blockage. But it prefers to resolve the matter peacefully and to use police force only as a last resort. Therefore, the Company believes that it would take time to resolve the matter.

As a result of the Blockage, sales orders of the Factory are being handled by the Company's factory in Panyu. Other than that, the Blockage does not have any material impact on the operation of the Company.

The Company believes that the Blockage has caused some significant financial impact to the Company. The Company is paying a fixed cost of about HK\$6,000,000 per month in relation to the Factory. As it took time to move the operation to Panyu to fulfil the sales orders, the Company faces claims by customers for late delivery. In addition, there may be claims by customers arising from reductions in tax savings of the customers due to the difference in the exporting country. The total amount of claims from customers are under negotiation with the customers. According to the Company's preliminary assessment, the total amount of claims would not exceed US\$10,000,000.

The Vietnam government has assured the Company that it would clear the Blockage. We will closely monitor the situation and will make further announcements in relation to any new decisions or developments regarding this matter.

By order of the Board  
**Pacific Textiles Holdings Limited**  
**Wan Wai Loi**  
*Chairman & CEO*

Hon Kong, 5 September 2017

*As at the date of this announcement, the executive Directors are Mr. WAN Wai Loi (Chairman & CEO), Mr. LAU Yiu Tong and Mr. TOU Kit Vai, the non-executive Directors are Mr. CHOI Kin Chung, Mr. IP Ping Im and Mr. TSANG Kang Po and the independent non-executive Directors are Dr. CHAN Yue Kwong, Michael, Mr. NG Ching Wah and Mr. SZE Kwok Wing, Nigel.*

\* *For identification only*