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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)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE SALE OF FABRICS TO THE TORAY GROUP

THE MASTER AGREEMENT

On 27 February 2019, the Company and Toray entered into the Master Agreement in relation to the sale of Fabrics by the Group to the Toray Group for a term from 27 February 2019 to 31 March 2021. Pursuant to the Master Agreement, the sale of Fabrics shall be conducted on normal commercial terms and subject to and upon the terms and conditions contained in the purchase orders to be agreed between the relevant parties.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Toray is a substantial shareholder of the Company, holding approximately 28.03% of the issued share capital of the Company, and hence is a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps exceed 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the Master Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE MASTER AGREEMENT

On 27 February 2019, the Company and Toray entered into the Master Agreement in relation to the sale of Fabrics by the Group to the Toray Group, major terms of which are summarised as below.

Date	27 February 2019
Parties	(i) the Company; and (ii) Toray
Subject Matter	Pursuant to the Master Agreement, the Group and the Toray Group shall enter into the transactions relating to the sale of Fabrics by the Group to the Toray Group. The sales shall be conducted on normal commercial terms and subject to and upon the terms and conditions contained in the purchase orders to be agreed between the relevant parties. The purchase orders will set out, among other things, the identity of the Fabrics, specifications, quantity, price, payment terms, delivery time, place of delivery, transfer of title and risk, and warranty period (if applicable).
Term and Termination	The term of the Master Agreement shall be from 27 February 2019 to 31 March 2021, which will be automatically renewed for a further term of three years subject to compliance by the Company with any applicable requirements under the Listing Rules. The Master Agreement may be terminated at any time by either party after giving three months' prior written notice to the other party.
Price Determination	The prices for Fabrics will be determined among the respective parties from time to time on an arm's length basis and comparable to the prevailing market rates or rates similar to those offered by the Company or the other relevant member of the Group to independent third parties.

Historical Transaction Amount

The Group has been selling Fabrics in its ordinary and usual course of business to the Toray Group since October 2018. The aggregate sales of Fabrics by the Group to the Toray Group for the four months ended 31 January 2019 was approximately HK\$4.4 million. The Company confirms that the aggregate sales of Fabrics by the Group to the Toray Group for the four months ended 31 January 2019 had not exceeded 0.1% of the applicable percentage ratios calculated under the Listing Rules.

Annual Caps

The Annual Caps for the transactions contemplated under the Master Agreement for each of the three financial years ending 31 March 2021 shall be HK\$100 million. The Annual Caps have been determined by the Board based on the following factors:

- (i) the historical transaction amount relating to the sale of Fabrics by the Group to the Toray Group for the four months ended 31 January 2019;
- (ii) the projected growth rate of the sale of Fabrics by the Group to the Toray Group for the three financial years ending 31 March 2021; and
- (iii) the projected transaction amount relating to the sale of Fabrics by the Group to the Toray Group for the three financial years ending 31 March 2021.

Reasons for and Benefits of Entering into the Master Agreement

Members of the Group have been customers of the Toray Group for yarns over the past 17 years. The Company believes that the entering into the Master Agreement will enable the Group to leverage its business relationship with the Toray Group, allowing it to expand its business portfolio and to achieve a stable source of income on sale of Fabrics, in addition to the stable source of supply of yarns which the Group has been benefiting from over the years.

The terms of the Master Agreement have been arrived at after arm's length negotiations between the parties. The Directors (including the independent non-executive Directors) are of the view that the terms of the Master Agreement and the transactions contemplated thereunder (including the Annual Caps) are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE GROUP AND THE TORAY GROUP

The Group is principally engaged in manufacturing and trading of textiles products.

The Toray Group is principally engaged in garment trading and manufacturing.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Toray is a substantial shareholder of the Company, holding approximately 28.03% of the issued share capital of the Company, and hence is a connected person of the Company. Accordingly, the transactions contemplated under the Master Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Annual Caps exceed 0.1% but all the applicable percentage ratios are less than 5%, the transactions contemplated under the Master Agreement are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

None of the Directors has any material interest in the Master Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolution approving the Master Agreement.

DEFINITIONS

In this announcement, unless otherwise defined or the context requires otherwise, the following terms shall have the meanings set out below:

“Annual Caps”	the proposed annual caps of HK\$100 million for each of the three financial years ending 31 March 2021 in respect of the transactions under the Master Agreement
“Board”	the board of Directors
“Company”	Pacific Textiles Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1382)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Fabrics”	fabrics manufactured or owned by any member of the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement dated 27 February 2019 entered into between the Company and Toray in relation to the sale of Fabrics by the Group to the Toray Group
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Toray”	Toray Industries, Inc., a company incorporated in Japan and a substantial shareholder of the Company, holding approximately 28.03% of the issued share capital of the Company as at the date of this announcement
“Toray Group”	Toray and its subsidiaries
“%”	per cent

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

Hong Kong, 27 February 2019

As at the date of this announcement, the Board comprises Mr. WAN Wai Loi, Mr. LAU Yiu Tong, Mr. TOU Kit Vai and Mr. Toshiya ISHII as executive Directors; Mr. CHOI Kin Chung as non-executive Director and Dr. CHAN Yue Kwong, Michael, Mr. NG Ching Wah and Mr. SZE Kwok Wing, Nigel as independent non-executive Directors.

* For identification purposes only.