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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  
RENEWAL OF ANNUAL CAPS IN RELATION TO SALE OF  
YARNS BY THE TORAY GROUP**

On 28 July 2017, the Company and Toray entered into the Master Agreement in relation to the sale of yarns manufactured or owned by the Toray Group to the Group. The original term of the Master Agreement has expired on 31 March 2020 and the Master Agreement has been automatically renewed for a further term of three years up to 31 March 2023. The New Annual Caps for the transactions contemplated under the Master Agreement for each of the three years ending 31 March 2023 shall be HK\$230 million.

As at the date of this announcement, Toray is a substantial shareholder of the Company, holding approximately 28.73% 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 New Annual Caps exceed 0.1% but all the applicable percentage ratios are less than 5%, the New Annual Caps 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**

Reference is made to the announcement of the Company dated 28 July 2017 in relation to the Master Agreement in respect of the sale of yarns manufactured or owned by the Toray Group to the Group. The term of the Master Agreement commenced on 28 July 2017 and there has been no change in respect of the terms of the Master Agreement since the commencement date.

## Original Annual Caps and Historical Transaction Amount

The Original Annual Caps and historical aggregate sales of yarns by the Toray Group to the Group for each of the three years ended 31 March 2020 are set out below:

	For the year ended 31 March		
	2018 HK\$	2019 HK\$	2020 HK\$
<b>Original Annual Caps</b>	230 million	230 million	230 million
<b>Approximate historical sales amount</b>	163 million <i>(audited)</i>	116 million <i>(audited)</i>	153.5 million <i>(as per the Group's unaudited management account)</i>

## New Annual Caps

The original term of the Master Agreement has expired on 31 March 2020 and the Master Agreement has been automatically renewed for a further term of three years up to 31 March 2023. For the purpose of the Listing Rules, the New Annual Caps for the transactions contemplated under the Master Agreement for each of the three years ending 31 March 2023 shall be HK\$230 million. The New Annual Caps have been determined by the Board with reference to: (i) the historical transaction amount relating to the sale of yarns by the Toray Group to the Group for the three years ended 31 March 2020; and (ii) the projected growth rate of the sale of yarns by the Toray Group to the Group for the three years ending 31 March 2023.

## Reasons for and Benefits of the Transactions and Renewal of Annual Caps

Members of the Group have been customers of the Toray Group for yarns over the past 19 years. The aggregate sales of yarns manufactured or owned by the Toray Group to the Group amounted to approximately 4.6%, 3.6% and 4.9% *(Note 1)* of the Group's total purchase of yarns for each of the three years ended 31 March 2020. As such, purchases of yarns from the Toray Group have represented an important and stable source of supply which the Group has been benefited 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 New 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.

Note 1: This percentage was calculated based on the preliminary figures of the Group's unaudited management account for the financial year ended 31 March 2020.

## **INFORMATION OF THE GROUP AND THE TORAY GROUP**

The Group is principally engaged in manufacturing and trading of textile 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 28.73% 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 New Annual Caps exceed 0.1% but all the applicable percentage ratios are less than 5%, the New Annual Caps 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 New Annual Caps.

## **DEFINITIONS**

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

“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: 01382)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“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 28 July 2017 entered into between the Company and Toray in relation to the sale of yarns by the Toray Group to the Group
“New Annual Caps”	the proposed annual caps of HK\$230 million for each of the three years ending 31 March 2023 in respect of the transactions under the Master Agreement
“Original Annual Caps”	the annual caps of HK\$230 million for each of the three years ended 31 March 2020 in respect of the transactions under the Master Agreement
“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 28.73% 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 April 2020

*As at the date of this announcement, the Executive Directors are Mr. WAN Wai Loi, Mr. Masaru OKUTOMI, Mr. TOU Kit Vai and Mr. Toshiya ISHII; the Non-executive Director is Mr. LAU Yiu Tong; and the Independent Non-executive Directors are Dr. CHAN Yue Kwong, Michael, Mr. NG Ching Wah, and Mr. SZE Kwok Wing, Nigel.*

\* For identification purposes only.