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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 YARNS BY THE TORAY GROUP

Reference is made to the announcement of the Company dated 30 March 2023 in relation to the continuing connected transactions under the Existing Master Agreement of the Company dated 30 March 2023 and the annual caps for the transactions contemplated under the Existing Master Agreement, which will expire on 31 March 2026.

In order to renew the continuing connected transactions under the Existing Master Agreement and to continue the business relationships between the Toray Group and the Group, on 27 March 2026, the Company and Toray entered into the Master Agreement in relation to the sale of yarns manufactured, acquired or owned by the Toray Group to the Group 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 for a term of three years commencing from 1 April 2026 and ending on 31 March 2029.

As at the date of this announcement, Toray is a substantial shareholder of the Company, holding approximately 29.24% 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 the applicable percentage ratios in respect of the proposed annual caps for the three years ending 31 March 2029 for the transactions contemplated under the Master Agreement exceed 0.1% but all are less than 5%, the transactions contemplated under the Master Agreement and the proposed annual caps for such transactions are subject to the announcement, reporting and annual review requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

THE MASTER AGREEMENT

Reference is made to the announcement of the Company dated 30 March 2023 in relation to the continuing connected transactions under the Existing Master Agreement of the Company dated 30 March 2023 and the annual caps for the transactions contemplated under the Existing Master Agreement, which will expire on 31 March 2026.

In order to renew the continuing connected transactions under the Existing Master Agreement and to continue the business relationships between the Toray Group and the Group, on 27 March 2026, the Company and Toray entered into the Master Agreement in relation to the sale of yarns manufactured, acquired or owned by the Toray Group to the Group. The principal terms of the Master Agreement are set out below:

Date	27 March 2026
Parties	(i) the Company; and (ii) Toray
Nature of transactions	Pursuant to the Master Agreement, the Group and the Toray Group may enter into the transactions relating to the sale of yarns manufactured, acquired or owned by the Toray Group to the 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 type and specification of the yarns, quantity, price, payment terms, delivery date, and shipping terms, etc..
Term and termination	The term of the Master Agreement will commence on 1 April 2026 and will continue until 31 March 2029, which is renewable subject to agreement by both parties and compliance by the Company with any applicable requirements under the Listing Rules. The Master Agreement may be terminated at any time by either party giving no less than three months' prior written notice to the other party.
Price determination	The prices for the yarns will be determined among the parties from time to time on an arm's length basis and comparable to the prevailing market rates unless procurement of a specific type of raw materials is required upon the request of the Group's customers or end users and there is no alternative supplier due to the uniqueness or patenting nature of the raw materials.
Pricing policy	Before entering into any transactions pursuant to the Master Agreement, based on the Group's pricing policy, the Group will obtain and compare at least three quotes from the Group's pool of suppliers for the same or similar specification and quantity of yarns to ensure that the terms of the transactions entered into under the Master Agreement are fair and reasonable and no less favourable than the terms offered to the Group from independent third parties.

HISTORICAL TRANSACTION AMOUNTS

The historical amounts of aggregate sales of yarns by the Toray Group to the Group for each of the two years ended 31 March 2025 and for the eleven months ended 28 February 2026 under the Existing Master Agreement are set out below:

	For the year ended 31 March		For the eleven months ended
	2024	2025	28 February
	HK\$	HK\$	2026
Approximate historical sales amount	10.3 million (audited)	24.8 million (audited)	14.1 million (as per the Group's unaudited management account)

ANNUAL CAPS

It is proposed that the annual caps for the transactions contemplated under the Master Agreement shall be HK\$70 million for each of the three years ending 31 March 2029. The proposed annual caps have been determined by the Board with reference to: (i) the average of historical sales amount of yarns by the Toray Group to the Group for the two years ended 31 March 2025 and the eleven months ended 28 February 2026; (ii) the trend of high-value and high-quality Japanese yarns with comparatively higher prices, which are highly favoured by certain customers of the Group; and (iii) the overall business environment and the global economic outlook. In addition, certain buffers have been incorporated to allow for the increase in amounts of yarns to be purchased by the Group from the Toray Group as anticipated by the management of the Company.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

Members of the Group have been customers of the Toray Group for yarns over the past 25 years. The aggregate sales of yarns by the Toray Group to the Group amounted to approximately 0.4%, 0.9% and 0.6%^(Note 1) of the Group's total purchases of yarns for each of the two years ended 31 March 2025 and for the eleven months ended 28 February 2026. Toray is one of the key producers of functional synthetic yarns with stable quality and certain of its innovative yarns are highly demanded by many textiles mill. As such, purchases of yarns from the Toray Group have represented an important and stable source of supply which the Group has 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 annual caps) are fair and reasonable, and that such transactions are 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 eleven months ended 28 February 2026.

INTERNAL CONTROL MEASURES

The Company has established the following internal control measures to ensure that the transactions entered into under the Master Agreement will be conducted in accordance with the pricing policies of the Group and on normal commercial terms or better:

- (a) the managers overseeing the sourcing of raw materials monitor the market conditions and procurement prices of yarns from different suppliers on a regular basis to ensure the prices for the yarns to be purchased from the Toray Group will reflect the pricing policies of the Group;
- (b) the management of the Company will discuss and assess the terms and conditions and the pricing mechanism of the transactions contemplated under the Master Agreement on a regular basis to ensure that they are on normal commercial terms or better;
- (c) the finance department of the Company reviews monthly the transactions entered into under the Master Agreement and submits such information for the Board's review, including but not limited to the historical transaction amounts, to ensure that the relevant transactions are carried out in accordance with the terms of the Master Agreement as well as the pricing policy and will not exceed the respective annual caps;
- (d) the terms of the transactions under the Master Agreement will be subject to review by the internal audit department of the Company every year; and
- (e) the auditors of the Company and the independent non-executive Directors will conduct annual review on the transactions entered into under the Master Agreement in accordance with the Listing Rules.

INFORMATION ON THE PARTIES

The Group is principally engaged in manufacturing and trading of textile products. Toray is a company incorporated under the laws of Japan, the shares of which are listed on The Tokyo Stock Exchange in Japan (stock code: 3402). The Toray Group's principal businesses include fiber and textiles production and trading. It also engages in other businesses such as production of resins and chemicals, films, carbon fiber composite materials, water treatment and environment solution related products. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is no beneficial owner who ultimately owns or controls 10% or more of the total shares in Toray.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Toray is a substantial shareholder of the Company, holding approximately 29.24% 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 the applicable percentage ratios in respect of the proposed annual caps for the three years ending 31 March 2029 for the transactions contemplated under the Master Agreement exceed 0.1% but are less than 5%, the transactions contemplated under the Master Agreement and the annual caps for such transactions are subject to the announcement, reporting and annual review requirements but are exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Master Agreement and the transactions contemplated thereunder, and none of the Directors abstained from voting on the Board resolution(s) for considering and approving the same.

DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context otherwise requires:

“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)”	the director(s) of the Company
“Existing Master Agreement”	the master agreement dated 30 March 2023 entered into between the Company and Toray in relation to the sale of yarns by the Toray Group to the Group
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Master Agreement”	the master agreement dated 27 March 2026 entered into between the Company and Toray in relation to the sale of yarns manufactured, acquired or owned by the Toray Group to the Group
“Shareholders”	holder of the Shares
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“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, the shares of which are listed on The Tokyo Stock Exchange in Japan (stock code: 3402)

“Toray Group” Toray and its subsidiaries

“%” per cent

By order of the Board
Pacific Textiles Holdings Limited
MASARU OKUTOMI
Chairman & CEO

Hong Kong, 27 March 2026

As at the date of this announcement, the Executive Directors are Mr. Masaru OKUTOMI, Mr. TOU Kit Vai and Mr. Kenjiro ASHITANI; the Independent Non-executive Directors are Dr. CHAN Yue Kwong Michael, Mr. NG Ching Wah, Mr. SZE Kwok Wing Nigel and Ms. LING Chi Wo Teresa.

* *For identification purposes only*