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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: 1382)

CONNECTED TRANSACTION

Acquisition of 8% interest in a non wholly owned subsidiary

On 25 January 2008, PTJH, the wholly owned subsidiary of the Company, entered into an Acquisition Agreement with Brandix to acquire the Sale Shares, representing 8% of the issued share capital of PT Sri Lanka from Brandix for a cash consideration of US\$1,630,000 (approximately HK\$12,714,000).

Following the completion of the Acquisition, the Company's interest in PT Sri Lanka will increase to 60% and Brandix's interest in PT Sri Lanka will be 40%.

According to the Listing Rules, Brandix is a connected person of the Company by virtue of its 48% shareholding in PT Sri Lanka and the Acquisition therefore constitutes a connected transaction. As each of the applicable percentage ratios defined under Chapter 14A of the Listing Rules is less than 2.5%, the Acquisition is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Listing Rules 14A.32.

INTRODUCTION

The Board announces that on 25 January 2008, the wholly owned subsidiary of the Company, PTJH, entered into an Acquisition Agreement with Brandix. Pursuant to the Acquisition Agreement, PTJH has agreed to purchase and Brandix has agreed to sell the Sale Shares, representing 8% of the issued share capital of PT Sri Lanka for a cash consideration of US\$1,630,000 (approximately HK\$12,714,000).

Prior to the completion of the Acquisition, PT Sri Lanka is owned as to 52% by PTJH and 48% by Brandix. Following the completion of the Acquisition, the Company's interest in PT Sri Lanka will increase to 60% and Brandix's interest in PT Sri Lanka will be 40%.

According to the Listing Rules, Brandix is a connected person of the Company by virtue of its 48% shareholding in PT Sri Lanka and the Acquisition therefore constitutes a connected transaction. As each of the applicable percentage ratios defined under Chapter 14A of the Listing Rules is less than 2.5%, the Acquisition is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Listing Rules 14A.32.

* For identification only

DETAILS OF THE ACQUISITION AGREEMENT

Date	: 25 January 2008
Vendor	: Brandix
Purchaser	: PTJH
Assets acquired	: Sale Shares, representing approximately 8% interest in PT Sri Lanka
Consideration	: US\$1,630,000 (approximately HK\$12,714,000)
Payment Term	: The consideration is payable in cash in full on completion of the Acquisition
Completion	: expected to take place on or before 31 January 2008

Consideration and payment term

The consideration is arrived at after arm's length negotiation between the Company and Brandix with reference to the business potential of PT Sri Lanka. As shown in the paragraph below headed 'Reasons for and Benefits of the Acquisition', the production capacity of PT Sri Lanka will be double upon the completion of the expansion plans of PT Sri Lanka. The Directors, including the independent non-executive directors, consider that the terms of the Acquisition are fair and reasonable and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole. The consideration is payable in cash upon the completion of the Acquisition Agreement. The consideration for the Acquisition will be funded by the internal resources of the Group.

Conditions

The Acquisition Agreement is conditional upon obtaining the approvals from the relevant government authorities of Sri Lanka for the transfer of Sale Shares and the board of directors of PT Sri Lanka having resolved to approve the completion of matters as set out in the Acquisition Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in manufacturing and selling of customised knitted fabrics. Sri Lanka is an important location for garment manufacturing as it benefits from attractive trade arrangements with the European Union and United States. In addition, many of our brand-owner customers employ garment manufacturers based in Sri Lanka. Increase in our interest in PT Sri Lanka will further improve our competitive position through geographic diversification.

As shown in the interim report of the Company for the six months ended 30 September 2007, the expansion plans of PT Sri Lanka have been proceeded as planned and the production capacity of PT Sri Lanka will be double upon the completion of the expansion plans (which is expected to be completed by March 2008). The Acquisition will enable the Company to capitalize the benefits of the expansion plans of PT Sri Lanka.

INFORMATION OF PT SRI LANKA

PT Sri Lanka is a limited liability company incorporated in Sri Lanka. PT Sri Lanka is owned as to 52% by PTJH and 48% by Brandix. The principal activity of PT Sri Lanka is the manufacture and sale of customised knitted fabrics.

Based on the audited financial statements of PT Sri Lanka prepared under the Sri Lanka Accounting Standards issued by the Institute of Chartered Accountants of Sri Lanka, the net profits for each of the years ended 31 December 2005 and 2006 are set out below:

	Year ended 31 December			
	2006		2005	
	<i>US\$'000</i>	<i>HK\$'000</i>	<i>US\$'000</i>	<i>HK\$'000</i>
Net profit before taxation	2,005	15,639	2,376	18,533
Net profit after taxation	2,005	15,639	2,376	18,533

The net asset value of PT Sri Lanka as at 31 December 2006 as shown in the audited financial statement of PT Sri Lanka was US\$12,938,955 (approximately HK\$100,923,849).

The accounts of PT Sri Lanka has been consolidated into the consolidated accounts of the Company and its subsidiaries prior to the Acquisition and such basis will be consistently applied after the Completion.

Brandix acquired 48% interest in PT Sri Lanka in August 2007. According to the information provided to the Company, the cost of investment of 48% interest in PT Sri Lanka as shown in the books of Brandix is approximately US\$15.6 million (approximately HK\$121.7 million).

INFORMATION OF THE COMPANY

The Company is an exempted company incorporated in Cayman Islands with limited liabilities. The shares of Company are listed on the Stock Exchange. The Company is an investment holding company and its subsidiaries are principally engaged in manufacturing and selling of customised knitted fabrics.

INFORMATION OF BRANDIX

Brandix is a company with limited liability and incorporated in Sri Lanka in 2002. Brandix is engaged in development, manufacturing and marketing of textiles and apparel products. None of the Directors or his associates has interest in Brandix. As far as the Company is aware, none of the Brandix Group or its associates has any interest in the Company.

LISTING RULES IMPLICATIONS OF THE CONNECTED TRANSACTION

As each of the applicable percentage ratios defined under Chapter 14A of the Listing Rules is less than 2.5%, the Acquisition is subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements pursuant to Listing Rules 14A.32.

DEFINITIONS

“Acquisition”	the acquisition of Sale Shares in PT Sri Lanka pursuant to the terms and conditions of Acquisition Agreement
“Acquisition Agreement”	The sale and purchase agreement dated 25 January 2008 entered into between PTJH and Brandix in relation to the Acquisition
“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Board”	the board of Directors
“Brandix”	Brandix Lanka Limited, a company with limited liability and incorporated in Sri Lanka in 2002
“Company”	Pacific Textiles Holdings Limited, a company incorporated in the Cayman Islands and whose shares are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company together with its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	Rule Governing The Listing of Securities of The Stock Exchange of Hong Kong Limited
“PTJH”	Pacific Textured Jersey Holdings Limited, a wholly-owned subsidiary of the Company and an international business company incorporated in the British Virgin Islands, which owns 52% of PT Sri Lanka
“PT Sri Lanka”	Textured Jersey Lanka (Private) Limited, a limited liability company incorporated under the laws of Sri Lanka, is owned as to approximately 52% and 48% by PTJH and Brandix, respectively
“Rupees”	Sri Lanka rupees, the lawful currency of Sri Lanka
“Sale Shares”	12,777,832 shares of Rupees 10 each in the issued share capital of PT Sri Lanka
“Shareholders”	the shareholders of the Company

“Sri Lanka”	Democratic Socialist Republic of Sri Lanka
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of United States of America

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

Hong Kong, 28 January 2008

As at the date of this announcement, the executive Directors are Mr. WAN Wai Loi (Chairman), Mr. TSANG Kang Po, Mr. LAM Wing Tak and Dr. LAM King Man, the non-executive Directors are Mr. CHOI Kin Chung, Mr. IP Ping Im, Mr. HO Hsiang Ming, James and Mr. LAU Yiu Tong, and the independent non-executive Directors are Mr. NG Ching Wah, Mr. SZE Kwok Wing, Nigel and Mr. CHAN Yue Kwong, Michael.