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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 WITH THE CRYSTAL GROUP**

On 26 June 2015, the Company and Crystal entered into the Master Agreement in relation to the sale and purchase of knitted fabric manufactured and owned by the Group to the Crystal 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, setting out, among other things, the identity of the products, specifications, quantity, price, payment terms, delivery time, place of delivery and transfer of title.

As Crystal is a substantial shareholder of a non-wholly-owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level, transactions under the Master Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the Board (including all the independent non-executive Directors) have confirmed that the transactions under the Master Agreement are on normal commercial terms and conducted in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the transactions under the Master Agreement and the proposed annual caps for such transactions are subject to the reporting and announcement requirements but are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **THE MASTER AGREEMENT**

<b>Date</b>	26 June 2015
<b>Parties</b>	(i) the Company (ii) Crystal
<b>Continuing transactions</b>	Pursuant to the Master Agreement, the Group and the Crystal Group shall enter into the transactions relating to the sale and purchase of knitted fabric manufactured and owned by 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, setting out, among other things, the identity of the products, specifications, quantity, price, payment terms, delivery time, place of delivery, transfer of title and warranty period (if applicable).

**Term and termination**

The term of the Master Agreement commences on 1 April 2015 and continues until 31 March 2018, 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 the products will be determined among the parties from time to time on an arm's length basis and comparable to the prevailing market rates or at rates similar to those offered by the Group to independent third parties.

**Historical Transaction Amounts**

For each of the years ended 31 March 2013, 2014 and 2015, the aggregate sales of knitted fabrics from the Group to the Crystal Group amounted to approximately HK\$855 million, HK\$899 million and HK\$695 million respectively.

**Proposed Annual Caps**

It is proposed that the annual caps for the transactions under the Master Agreement shall be HK\$2,000 million, HK\$2,000 million and HK\$2,000 million for each of the three years ending 31 March 2018 respectively. The proposed annual caps take into account the historical sales amount from the Group to the Crystal Group for the three years ended 31 March 2015. In addition, certain buffers have been incorporated to allow for the increase in sales volume and increase in price of products as anticipated by the management of the Company.

**REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

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

Crystal Group is principally engaged in garment trading and manufacturing.

Members of the Crystal Group have been customers of the Group's knitted fabric for more than 10 years. The aggregate sales of knitted fabric manufactured or owned by the Group to the Crystal Group amounted to approximately 12.8%, 12.1% and 10.1% of the Group's revenue for each of the three years ended 31 March 2013, 2014 and 2015. As such sales to the Crystal Group have represented an important source of revenue for the Group, the Directors consider that it is in the interests of the Company and the Shareholders as a whole for the Group to continue such sales.

## **BOARD CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the opinion that the continuing connected transactions with the Crystal Group contemplated under the Master Agreement were entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms (on arm's length basis) or on terms no less favorable than those terms offered by the Group to independent third party for similar products in its ordinary and usual course of business; and (iii) the terms of the Master Agreement and the proposed annual caps are fair and reasonable. The Directors (including all the independent non-executive Directors) are also of the view that the continuing connected transactions and the proposed annual caps pursuant to the Master Agreement are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

As Crystal is a substantial shareholder of a non-wholly-owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level, transactions under the Master Agreement constitute continuing connected transactions of the Company under the Listing Rules. As the Board (including all the independent non-executive Directors) have confirmed that the transactions under the Master Agreement are on normal commercial terms and conducted in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole, pursuant to Rule 14A.101 of the Listing Rules, the transactions under the Master Agreement and the proposed annual caps for such transactions are subject to the reporting and announcement requirements but are exempted 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 transactions under the Master Agreement and needs to abstain from voting on the relevant resolution(s) in the Board meeting to approve the Master Agreement.

## **DEFINITIONS**

“Board”	the board of Directors of the Company
“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)
“Crystal”	Crystal International Limited, which through its wholly-owned subsidiary, Crystal Peak International Limited, holds 25% shareholding in PCGT Limited, a non-wholly-owned subsidiary of the Company, and hence a connected person of the Company at the subsidiary level for the purpose of the Listing Rules
“Directors”	the directors of the Company
“Master Agreement”	the master agreement dated 26 June 2015 entered into between the Company and Crystal in relation to the sale and purchase of knitted fabric manufactured or owned by the Group

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region
“Crystal Group”	Crystal, together with its subsidiaries and associates
“Listing Rules”	The Rules Governing the Listing of the Securities on the Stock Exchange
“Shares”	ordinary shares of HK\$0.001 each in the share capital of the Company
“Shareholders”	holder of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

On behalf of the Board  
**Pacific Textiles Holdings Limited**  
**Wan Wai Loi**  
*Chairman*

Hong Kong, 26 June 2015

*As at the date of this announcement, the executive Directors are Mr. Wan Wai Loi (Chairman), Mr. Tsang Kang Po and Mr. Lam Wing Tak, the non-executive Directors are Mr. Choi Kin Chung, Mr. Ip Ping Im and Mr. Lau Yiu Tong and the independent non-executive Directors are Mr. Chan Yue Kwong, Michael, Mr. Ng Ching Wah and Mr. Sze Kwok Wing, Nigel.*