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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, company secretary, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Pacific Textiles Holdings Limited (the “Company”), you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS
AND
RE-ELECTION OF DIRECTOR**

**Independent Financial Adviser to
the Independent Board Committee and the Shareholders**



Karl Thomson Financial Advisory Limited

A letter from the Board of Directors of Pacific Textiles Holdings Limited is set out on pages 3 to 8 of this circular and a letter from the Independent Board Committee is set out on pages 9 to 10 of this circular. A letter from Karl Thomson, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Shareholders, is set out on pages 11 to 19 of this circular.

A notice convening the EGM of the Company to be held at 7th Floor, Block B, Eastern Sea Industrial Building, 48-56 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on 26, March 2010 at 10:30 a.m. is set out on pages 29 to 30 of this circular. A form of proxy for use in connection with the EGM is enclosed herewith.

Whether or not you are able to attend the EGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the head office and principal place of the Company in Hong Kong at 7th Floor, Block B, Eastern Sea Industrial Building, 48-56 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong, not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish.

** For identification purpose only*

Hong Kong, 11 March 2010

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	3
Letter from the Independent Board Committee	9
Letter of advice from the Independent Financial Advisor	11
Appendix I — General Information	20
Appendix II — Biography of Retiring Director Proposed for Re-election	28
Notice of Extraordinary General Meeting	29

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it in the Listing Rules
“Articles”	the Articles of Association of the Company, as amended from time to time
“Board”	the board of Directors of the Company
“Brandix”	Brandix Lanka Limited, a company with limited liability and incorporated in Sri Lanka
“Brandix Group”	Brandix and its subsidiaries
“Brandix Parties”	Brandix, its subsidiaries and its associates
“Brandix Sale of Products Master Agreement”	a sale of products master agreement between the Company and Brandix dated 27 August 2007
“Company”	Pacific Textiles Holdings Limited, an exempted company incorporated in Cayman Islands with limited liability, the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	the director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held on 26 March 2010 to consider and approve, inter alia, the Non-Exempt Continuing Connected Transactions and re-election of Director
“Group”	the Company and its subsidiaries
“HC Companies”	the companies which Mr. Henry Choi has substantial interest, namely Vivace Apparel Inc., Pacific Design Apparel and Source Smart Asia Limited
“HC Companies Sale of Products Master Agreement”	a sale of products master agreement between the Company and HC Companies dated 30 April 2007
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent board committee comprising all the INEDs, namely Mr. Chan Yue Kwong, Michael, Mr. Ng Ching Wah and Mr. Sze Kwok Wing, Nigel
“Independent Financial Adviser” or “Karl Thomson”	Karl Thomson Financial Advisory Limited, a corporation licensed under the SFO (Chapter 571 of the Laws of Hong Kong) to carry out type 6 regulated activities (advising on corporate finance), the independent financial adviser appointed to advise the Independent Board Committee and the Shareholders in relation to the Non-Exempt Continuing Connected Transactions

DEFINITIONS

“INEDs”	the independent non-executive Directors
“Latest Practicable Date”	8 March 2010, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Exempt Continuing Connected Transactions”	the continuing connected transactions contemplated under the Brandix Sale of Products Master Agreement
“PTJH”	Pacific Textured Jersey Holdings Limited, a wholly-owned subsidiary of the Company and a BVI business company incorporated in the British Virgin Islands, which owns 60% 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 60% and 40% by PTJH and Brandix, respectively
“PT Sri Lanka Sale of Products Master Agreement”	a sale of products master agreement between the Company and PT Sri Lanka dated 30 April 2007
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	share(s) with a nominal value of HK\$0.001 each in the capital of the Company
“Shareholders”	the shareholders of the Company
“Share Options”	share option(s) to subscribe for Shares granted pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme adopted by the Company pursuant to the written resolutions of the Shareholders passed on 27 April 2007
“Sri Lanka”	Democratic Socialist Republic of Sri Lanka
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholders”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Directors

Mr. WAN Wai Loi (*Chairman*)
Mr. TSANG Kang Po (*Vice Chairman*)
Mr. LAM Wing Tak (*Chief Executive Officer*)
Dr. LAM King Man
Mr. LAM Hing Chau, Leon

Non-executive Directors

Mr. CHOI Kin Chung
Mr. IP Ping Im
Mr. LAU Yiu Tong

Independent Non-executive Directors

Mr. CHAN Yue Kwong, Michael
Mr. NG Ching Wah
Mr. SZE Kwok Wing, Nigel

Registered office

P.O. Box 309GT
Ugland House
South Church Street
George Town
Grand Cayman
Cayman Islands

Head office and principal place of business in Hong Kong

7th Floor, Block B,
Eastern Sea Industrial Building
48-56 Tai Lin Pai Road
Kwai Chung
New Territories
Hong Kong

11 March 2010

Dear Shareholders,

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS AND RE-ELECTION OF DIRECTOR

INTRODUCTION

Reference is made to the announcement of the Company dated 26 February 2010 relating to the transactions contemplated under the Brandix Sale of Products Master Agreement which constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. The Brandix Sale of Products Master Agreement will be expired on 31 March 2010 and shall, subject to compliance of the relevant requirements applicable to continuing connected transactions under the Listing Rules by the Group, automatically renew for a term of three years (or such other period permitted under the Listing Rules). Upon the renewal, the Brandix Sale of Products Master Agreement will be expired on 31 March 2013.

* For identification purpose only

LETTER FROM THE BOARD

Pursuant to article 114 of the Articles, Mr. Lam Hing Chau, Leon, (“Mr. Leon Lam”) the executive Director, who was appointed as Director by the Board would retire from the Board at the EGM and, being eligible, will offer him for re-election as executive Director.

The purpose of this circular is (i) to provide the Shareholders with further information regarding the Non-Exempt Continuing Connection Transactions; (ii) set out the advice of Karl Thomson and the recommendation of the Independent Board Committee in respect of the Non-exempted Continuing Connected Transactions; (iii) the re-election of Mr. Leon Lam as executive Director; and (iv) give the Shareholders notice of the EGM and other information in accordance with the relevant requirements under the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Sale of products to Brandix Group and its associates

The Group has sold knitted fabrics to Brandix Group and its associates since 2001. The Brandix Sale of Products Master Agreement dated 27 August 2007 was entered between the Company and Brandix, pursuant to which, the parties would enter into, and procure their respective subsidiaries and associates to enter into, such transactions at prices determined 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 and subject to the other terms and conditions set out therein. According to the Brandix Sale of Products Master Agreement, each transaction shall be made pursuant to purchase order agreed between the parties, setting out among other things, the specification of the goods, quantity, price, payment terms, delivery time and place of delivery. According to the purchase orders from Brandix Parties, the payment terms of the transactions contemplated under the Brandix Sale of Products Master Agreement for the two financial years ended 31 March 2008 and 2009 and six months ended 30 September 2009 were, in general, with the credit period ranging from 30 to 45 days from the delivery of goods and no deposit in advance was required. The payment terms with Brandix Parties are in line with the terms with independent third parties customers of similar credit rating.

The Brandix Sale of Products Master Agreement has an initial term from 24 August 2007 to 31 March 2010 and shall, subject to compliance by the Group of the relevant requirements applicable to continuing connected transactions under the Listing Rules, automatically renew conditions for a term of three years (or such other period permitted under the Listing Rules) after expiry of the initial term. Accordingly, upon the renewal, the Brandix Sale of Products Master Agreement on the same terms and conditions will be expired on 31 March 2013.

Brandix is a company incorporated with limited liability and incorporated in Sri Lanka. Brandix engages in development, manufacturing and marketing of textiles and apparel products. Brandix owns 40% shareholding in PT Sri Lanka, a subsidiary of the Company. None of the Directors or his associates has interest in Brandix. As far as the Company is aware, none of Brandix Group or its associates has any interest in the Company.

Brandix acquired the shareholdings in PT Sri Lanka in 2007. By virtue of its 40% shareholding in PT Sri Lanka, Brandix is regarded as a connected person of the Company pursuant to the Listing Rules. Accordingly, Brandix Group and its associates are therefore also regarded as connected persons of the Company.

LETTER FROM THE BOARD

Set out below the aggregate sales of knitted fabrics by the Group to Brandix Parties (other than PT Sri Lanka) for each of the years ended 31 March 2008 and 2009 and the six months ended 30 September 2009:

	For the year ended 31 March 2008	For the year ended 31 March 2009	For the six months ended 30 September 2009
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Sales from the Group to Brandix Parties (other than PT Sri Lanka)	199,128	276,900	150,740
% of the revenue of the Group	4.7%	5.8%	5.0%

The proposed annual caps for each of the three years ending 31 March 2013 are set out below:

	For the year ending 31 March		
	2011	2012	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed annual caps	377,000	490,000	637,000

The proposed annual caps for each of the three financial years ending 31 March 2013 have been estimated with reference to (i) the compound annual growth rate of the Group's annual sales to Brandix Parties (other than PT Sri Lanka) of approximately 23% for the three financial years ending 31 March 2010; (ii) the annualized sales for the financial year ending 31 March 2010; (iii) the historical changes in percentage of the sales from the Group to Brandix Parties (other than PT Sri Lanka) for each of the last five financial years ended 31 March 2009 ranging from -6.78% to 136.36%; and (iv) an annual growth rate of approximately 30% on the proposed annual caps. In addition to the historical sales, the determination of sizes of the annual caps has also taking into account the increase in volume of sales stimulating by the recovering economy, increase in price of products due to increase in cost of good sold and possible inflation in the coming years by adding a buffer in accordance to the expectation of the market by the management of the Company.

The Directors (including the INEDs) have confirmed that the prices of the knitted fabrics sold to Brandix Parties (other than PT Sri Lanka) by the Group have been determined on an arm's length basis by reference to the prevailing market rates or at rates similar to those offered by the Group to any other independent third party customers.

The Directors (including the INEDs) are of the opinion that the proposed caps are fair and reasonable and that the transactions contemplated under Brandix Sale of Products Services Master Agreement are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms of Brandix Sale of Products Master Agreement are fair and reasonable and in the interest of the Shareholders as a whole.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Group is principally engaged in manufacturing and selling customised knitted fabrics with a focus on complex, value-added fabrics. The Group sold customised knitted fabrics to garment manufacturers world-wide. The Non-Exempt Continuing Connected Transactions would broaden the revenue of the Group. The renewal of the Non-Exempt Continuing Connected Transactions will be beneficial to the growth of the business and broaden the source of revenue of the Group. To continue the Non-Exempt Continuing Connected Transactions is of the interest of the Company as a whole.

LISTING RULES IMPLICATIONS

The applicable percentage ratios under the Listing Rules, on an annual basis, in respect of transactions contemplated under the Brandix Sale of Products Master Agreement is expected to be more than 2.5% and the maximum annual consideration is more than HK\$10 million. Accordingly, the transactions contemplated under the Brandix Sale of Products Master Agreement will be subject to independent shareholders' approval, reporting and announcement requirements under the Chapter 14A of the Listing Rules.

The Company will convene an EGM to be held on 26 March 2010 to consider, inter alia, if thought fit, to pass an ordinary resolution in relation to the continuing connected transactions contemplated under Brandix Sale of Products Master Agreement. To the best knowledge of the Company, none of the Shareholders will be required to abstain from voting at the EGM in respect of the ordinary resolution in relation to the transactions contemplated under the Brandix Sale of Products Master Agreement.

The Company has established an Independent Board Committee comprising all INEDs to advise the Shareholders on the terms of the Non-Exempt Continuing Connected Transactions and the proposed annual caps. Karl Thomson Financial Advisory Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Shareholders in relation to the Non-Exempt Continuing Connected Transactions and the proposed annual caps.

The Independent Board Committee, after considering the advice from Karl Thomson, concurs with the views of Karl Thomson and recommend the Shareholders to vote in favour of the ordinary resolution in relation to the Non-Exempt Continuing Connected Transactions set out in the Notice of the EGM.

The advices of the Independent Board Committee and Karl Thomson are set out on pages 9 to 19 of this circular.

LETTER FROM THE BOARD

GENERAL INFORMATION

The Company

The Company is an investment holding company. Its subsidiaries, including PT Sri Lanka, are principally engaged in manufacturing and selling customised knitted fabrics.

Brandix

Brandix is a company with limited liability and incorporated in Sri Lanka. Brandix engages in the 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 Brandix Group or its associates has any interest in the Company.

RE-ELECTION OF MR. LEON LAM

Pursuant to article 114 of the Articles, Mr. Lam Hing Chau, Leon, the executive Director, who was appointed as Director by the Board would retire from the Board at the EGM and, being eligible, will offer him for re-election as executive Director.

Biographical details of Mr. Leon Lam are set out in the Appendix II to this circular.

EGM

Notice of EGM is set out on pages 29 to 30 of this circular. A form of proxy for used by the Shareholders at the EGM is enclosed with this circular. Whether or not you intend to be present at the EGM, you are requested to complete the form of proxy and return it to the head office and principal place of business of the Company in Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned meeting if you so wish.

VOTING BY POLL

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at general meeting of the Company must be taken by way of poll. The Chairman of the meeting will therefore demand a poll for every resolution put to the vote at the EGM in accordance with article 90 of the Articles. The Company will announce the results of the poll on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.pacific-textiles.com) by the next business day following the EGM.

LETTER FROM THE BOARD

RECOMMENDATION

The Board considers the ordinary resolutions in relation to the Non-Exempt Continuing Connected Transactions and the re-election of Mr. Leon Lam as executive Director are in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the letter of the Independent Board Committee set out on pages 9 and 10 of this circular containing its recommendation to the Shareholders, the letter from Karl Thomson set out on pages 11 and 19 of this circular containing its advice to the Independent Board Committee and to the Shareholders in relation to the Non-exempt Continuing Connected Transactions.

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

11 March 2010

To the Shareholders

Dear Sir/Madam,

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to the circular dated 11 March 2010 (the “Circular”) of which this letter forms part issued by the Company to the Shareholders. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

We, being the independent non-executive Directors, have been appointed as members of the Independent Board Committee. The Independent Board Committee was established to advise the Shareholders whether, in our opinion, the terms of the Non-Exempt Continuing Connected Transactions, the proposed annual caps, and the Brandix Sale of Products Master Agreement are in the interests of the Company and the Shareholders as a whole and are fair and reasonable. Karl Thomson has been appointed to advise the Independent Board Committee and the Shareholders in respect of the terms of Brandix Sale of Products Master Agreement and the Non-Exempt Continuing Connected Transactions.

The details of the Non-Exempt Continuing Connected Transactions, the proposed annual caps and the Brandix Sale of Products Master Agreement are summarised in the “Letter from the Board” set out on pages 3 to 8 of the Circular. You are strongly urged to read the “Letter of Advice from the Independent Financial Adviser” set out on pages 11 to 19 of the Circular.

RECOMMENDATION

As the Independent Board Committee, we have discussed with the management of the Company the reasons for the Non-Exempt Continuing Connected Transactions and the basis upon which its terms have been determined. We have also discussed with Karl Thomson the principal factors and reasons in arriving at its advice set out in the “Letter of Advice from the Independent Financial Adviser”.

** For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Taking into account the recommendations of Karl Thomson, the Independent Board Committee concurs with the views of Karl Thomson that the Non-Exempt Continuing Connected Transactions are in the interests of the Company and its Shareholders as a whole, and the proposed annual caps for the Non-Exempt Continuing Connected Transactions are fair and reasonable, and the terms of Brandix Sale of Products Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

We recommend the Shareholders to vote in favour of the relevant ordinary resolution in relation to the Non-Exempt Continuing Connected Transactions to be proposed at the EGM.

Yours faithfully,
The Independent Board Committee

Mr. CHAN Yue Kwong, Michael
*Independent non-executive
Director*

Mr. NG Ching Wah
*Independent non-executive
Director*

Mr. Sze Kwok Wing, Nigel
*Independent non-executive
Director*

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the text of the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the renewal of the Non-Exempt Continuing Connected Transactions for inclusion in this circular.



高信融資服務有限公司
Karl Thomson Financial advisory Limited
Room 701, Tower One, Lippo Centre,
89 Queensway
Hong Kong

11 March 2010

To the Independent Board Committee and the Shareholders of
Pacific Textiles Holdings Limited

Dear Sir or Madam,

RENEWAL OF NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Shareholders in respect of the Non-Exempt Continuing Connected Transactions and the annual caps for each of the financial years ending 31 March 2011 to 2013 (the “**Annual Caps**”). Details of the Non-Exempt Continuing Connected Transactions are set out in the “Letter from the Board” contained in the circular to the Shareholders dated 11 March 2010 (the “**Circular**”), of which this letter forms a part. Capitalized terms used in this letter shall have the same meaning as those defined in the Circular unless the context otherwise requires.

According to the Listing Rules, Brandix, by virtue of its 40% shareholdings in PT Sri Lanka, a subsidiary of the Company, is regarded as a connected person of the Company. Brandix Parties, in turn, are regarded as connected persons of the Company. Transactions between the Group and Brandix Parties, as a result, constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Independent Board Committee comprising all the independent non-executive Directors, namely Chan Yue Kwong, Michael, Mr. Ng Ching Wah and Mr. Sze Kwok Wing, Nigel, was formed, to advise the Shareholders in respect to the Non-Exempt Continuing Connected Transactions and the Annual Caps. To the best of the Company’s knowledge, no Shareholders are required to abstain from voting on the resolution to approve the Brandix Sale of Products Master Agreement and the Annual Caps at the EGM.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company. We are independent of the Company for the purposes of Rule 13.84 of the Listing Rules.

In formulating our opinion and advice, we have relied upon accuracy of the information and representations contained or referred to in the Circular and information provided to us by the Company, the Directors and the management of the Company. We have assumed that all statements and representations made or referred to in the Circular were true at the time they were made and continue to be true at the date of the despatch of the Circular. We have also assumed that all statements of belief, opinion and intention made by the Company, the Directors and the management of the Company in the Circular were reasonable made after due enquiry. We consider that we have been provided with sufficient information to form a reasonable basis for issuing our opinion. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Company, the Directors and management of the Company and have no reason to doubt that any relevant material facts have been withheld or omitted. We have not, however, conducted any independent investigation into the business and affairs or the future prospects of the Group, nor have we carried out any independent verification of the information supplied.

BACKGROUND

Before 24 August 2007, PT Sri Lanka was owned as to 48% by Linea Clothing (Private) Limited (“Linea”) and 52% by the Company. On 24 August 2007, the Company was informed that Brandix acquired 48% shareholding in PT Sri Lanka from Linea. As a result, Brandix is regarded as a connected person of the Company under the Listing Rules by virtue of its shareholding in PT Sri Lanka. On 25 January 2008, the Company entered into an acquisition agreement with Brandix to acquire for 8% of the issued share capital of PT Sri Lanka. Details of the change in the Brandix’s shareholdings in PT Sri Lanka have been disclosed in the announcements of the Company dated 24 August 2007 and 25 January 2008.

Brandix is a renowned woven fabric and garment accessories manufacturer in Sri Lanka. Its principal businesses cover textile production and exportation, casual wear and intimate apparel designation and innovation. It also provides apparel solutions such as washing, dyeing, finishing and quality control services to its customers depending on individual needs. Brandix Group has been providing fabric printing service to the Group which in return, has been selling knitted fabrics to the Brandix Group since 2001. Since the acquisition of PT Sri Lanka, transactions between Brandix Parties and the Group constitute and will constitute continuing connected transactions under the Chapter 14A of the Listing Rules.

Against this background, on 27 August 2007, the Company and Brandix entered into a printing services master agreement (the “**Brandix Printing Services Master Agreement**”) and the Brandix Sale of Products Master Agreement in respect of the continuing connected transactions. Brandix Printing Services Master Agreement and the Brandix Sale of Products Master Agreement will expire on 31 March 2010 and shall, subject to compliance by the Group of the relevant requirements under the Listing Rules, automatically renew under the same terms and conditions for a term of three years up to 31 March 2013.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

Regarding the Brandix Printing Services Master Agreement, as the relevant percentage ratios under Chapter 14A of the Listing Rules are more than 0.1% but less than 2.5% on an annual basis, the continuing connected transactions contemplated under the Brandix Printing Services Master Agreement will be only subject to the reporting and announcement and is exempt from the independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Brandix Sale of Products Master Agreement, on the other hand, is expected to be more than 2.5% of the applicable percentage ratios under Chapter 14A of the Listing Rules on an annual basis and the maximum annual consideration is expected to be more than HK\$10 million. Accordingly, the transactions contemplated under the Brandix Sale of Products Master Agreement will be subject to independent Shareholders' approval, reporting and announcement requirements under Chapter 14A of the Listing Rules.

Terms of the Brandix Sale of Products Master Agreement

The key terms of the Brandix Sale of Products Master Agreement are summarized as follow:

- (i) The Group has agreed to sell kitted fabrics to Brandix Parties with an initial term from 24 August 2007 to 31 March 2010, automatically renew, on the same terms and conditions, for a term of three years (or such other period permitted under the Listing Rules), shall subject to compliance by the Group, the relevant requirements applicable to continuing connected transactions under the Listing Rules, after the expiry of the initial period.
- (ii) The prices are determined on an arm's length basis by reference to the prevailing market rates or at rates similar to those offered by the Group to any other independent third parties.
- (iii) Invoices for products sold pursuant to the Brandix Sale of Products Master Agreement shall be issued by the relevant member of the Group to the relevant Brandix Group at any time after delivery of the products. Payment shall be made in accordance with the terms of the purchase order.

From our investigation of the Brandix Sale of Products Master Agreement, no credit period or deposit is specified. Instead, the payment terms are determined from time to time based on each transaction. We further review the purchase orders made by Brandix Parties for the six-months ended 30 September 2009 which reveal that Brandix Parties normally does not make deposit in advance and a credit period ranging from 30 days to 45 days upon delivery of good are granted. Comparing with an independent third party client in Sri Lanka who has made orders in comparable size to Brandix Parties, the payment terms offered to the two companies are very similar. Therefore, we conclude that payment terms of Brandix Parties are similar to other independent third party customers with the same credit rating as Brandix Parties and are normal market practice according to the management of the Company.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

PRINCIPAL FACTORS AND REASONS CONSIDERED

In achieving our opinion for the Non-Exempt Continuing Connected Transactions, we have taken into account the following principal factors and reasons:

I. Reasons for and benefits of entering into the Brandix Sale of Products Master Agreement

As mentioned above, the Group has been supplying knitted fabrics to Brandix Parties since 2001, which was prior to the transfer of ownership in PT Sri Lanka by Linea. During the five years ended from 31 March 2005 to 2009, the aggregated sales of knitted fabrics from the Group to the Brandix Parties (other than PT Sri Lanka) grew from approximately HK\$52,182,000 to HK\$276,900,000, accounting for a compound annual growth rate (“CAGR”) of approximately 51.78%. After reviewing the breakdown of sales by major customers of the Company, we find out that for many years, Brandix Group has been one of the top 5 customers in terms of revenue; while in percentage of sales to Brandix relative to the total revenue of the Group, the trend is also increasing in general. The table below shows an analysis on the sales from the Group to the Brandix Parties (other than PT Sri Lanka) since the financial year ended 31 March 2005 and up to the six months ended 30 September 2009.

	For the year ended 31 March					For the six months ended 30 September 2009	For the year ending 31 March 2010
	2005	2006	2007	2008	2009		
Sales between the Group and Brandix Parties (other than PT Sri Lanka)(HK\$ 000')	52,182	123,337	213,618	199,128	276,900	150,740	301,480 (Note)
Growth rate (%)	—	136.36	73.20	-6.78	39.06	—	8.88
Revenue of the Group (HK\$ million)	2,922.8	3,363.0	4,203.4	4,280.6	4,734.8	3,032.9	—
% of revenue of the Group	1.79	3.67	5.08	4.65	5.85	—	—

Note:

The figure is arrived at by annualizing the actual data for the six months ended 30 September 2009.

From the above table, there is a growing in sales to Brandix Parties in terms of absolute amount and relative to the total revenue of the Group. In the exceptional year of 2008, during which the global economic was badly hurt by the outbreak of the credit crunch, sales to Brandix Parties, only shrank by a small amount of approximately 6.78% or approximately 4.65% to the overall sales of the Group. Brandix Group is undoubtedly an important customer to the Company.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

Having reviewed the management accounts of the Group for the five financial years ended from 31 March 2005 to 2009, we notice that Brandix Group had no record of default on its payment to the Group and all payments were settled in a timely manner. Thus, we concur with the management of the Company that Brandix Group is a valuable customer with good credit.

In view of the background and circumstances, we consider Brandix is a valuable customer of the Company and entering into the Brandix Sale of Products Master Agreement is of benefit to the Company and the Shareholders as a whole.

II. Terms of the Brandix Sale of Products Master Agreement

(i) *Terms of the Brandix Sale of Products Master Agreement*

The Brandix Sale of Products Master Agreement is only a renewal of its effective duration upon the expire of the initial term from 27 August 2007 to 31 March 2010, and no supplemental agreement in any form or additional conditions will be entered into between or revised by the two parties. Moreover, no price or quantity of products has been pre-determined under the Brandix Sale of Products Master Agreement. Rather, price of each transaction will be decided “*on an arm’s length basis by reference to the prevailing market rates or at rates similar to those offered by the Group to any other independent third parties*” pursuant to the Brandix Sale of Products Master Agreement. We, therefore, are in the view that terms and conditions of the Brandix Sale of Products Master Agreement are on normal commercial terms, and there is nothing out of ordinary course of business that requires the Shareholders to pay special attentions to.

(ii) *Comparisons of terms of supply agreements with the Group’s other connected persons*

For the purpose of formulating our advice in this letter, we have also reviewed two subsisting supply agreements, being the supply agreements between the Company and PT Sri Lanka and HC Companies, who are also connected persons of the Company under the Listing Rules.

PT Sri Lanka is owned as to 60% by PTJH, a wholly owned subsidiary of the Company and as to 40% by Brandix. Therefore, PT Sri Lanka is regarded as a connected person of the Company under the Listing Rules. Whereas in relation to HC Companies, in which Mr. Henry Choi, a son of a director of the Company, namely Mr. Choi Kin Chung, has substantial shareholding interest, thus selling of knitted fabrics from the Group to HC Companies also constitutes connected transactions of the Company under the Listing Rules.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

PT Sri Lanka Sale of Products Master Agreement and the HC Companies Sale of Products Master Agreement have similar scope as the Brandix Sale of Products Master Agreement. Details of the two supply agreements are summarized below:

Date of agreement	Parties	Nature of agreement	Pricing basis	Duration
30 April 2007	Supplier: The Group Purchaser: HC Companies	Sale of knitted fabrics	By reference to the prevailing market rates or at rates similar to those charged or to be charged by the Group's other independent third party customers and determined on arm's length negotiation between the parties.	3 years and automatically renew for a term of 3 years
30 April 2007	Supplier: The Group Purchaser: PT Sri Lanka	Sale of knitted fabrics and greige fabrics	Determined on arm's length basis by reference to the prevailing market rates and the cost for processing greige fabrics.	3 years and automatically renew for a term of 3 years

Save for the HC Companies Sale of Products Master Agreement and PT Sri Lanka Sale of Products Master Agreement, the Group has not entered into any other similar arrangements, the scope of which is material comparable to the Brandix Sale of Products Master Agreement, with which we would consider to compare and review in the production of this letter of advice. Having made the aforesaid review, we note that the pricing basis offered by the Group to Brandix Parties under the terms of the Brandix Sale of Products Master Agreement is the same as those offered to other connected persons.

(iii) *Comparisons of historical transaction records of the Company*

Upon enquiries, we are advised by the management of the Company that normally it does not engaged into any contracts or long term agreements with independent third party customers. Instead, the sales are made by making purchasing orders to the sales team of the Group by the customers, in which the price and amount of good to be sold are recorded. The flow of sales merely follows the steps of order enquiry, price negotiation, order confirmation, product delivery and payment. The procedure of selling products to Brandix Parties is identical to that of the independent third party customers. In particular, the selling price is negotiated and determined based on the prevailing market price quoted from time to time and the payment terms are set to follow custom sales practice. For the purpose of formulating our advice, we have examined purchase orders amongst the Company and other independent third party customers in comparison to the Brandix Parties for the six-months ended 30 September 2009. As there are a massive number of purchase orders during the period, we employed

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

a more practical sampling procedure in our investigation. During our review, 30 purchase orders from each of Brandix Parties and independent third party customers were picked randomly. The sales invoices of each of the corresponding sales orders are also reviewed. From the purchase orders and the invoices, we notice that price of the same products purchased by the Brandix Parties and by other independent third party customers during the same period are very similar. The small price variation was due to the fluctuation of exchange rates of the settlement currencies. The payment terms offered to Brandix Parties were not more favourable than to other independent third party customers. The management of the Company has also confirmed that there is no material difference in terms of selling price of other purchase orders not being reviewed by us.

(iv) *Historical transaction value and the proposed Annual Caps*

In determining the Annual Caps, the management of the Company has taken into account:

- (a) the historical annual compound growth rates of the Group's sales to Brandix of approximately 23% for the last three financial years ending 31 March 2010;
- (b) the annualized sales in the financial year ending 31 March 2010;
- (c) the historical annual changes in percentage of sales from the Group to Brandix Parties for the last five financial years ended 31 March 2009 ranging from approximately -6.78% to 136.36%; and
- (d) an annual growth rate of approximately 30% on the proposed Annual Caps.

Set out below summaries sales between the Group and the Brandix Parties (other than PT Sri Lanka) for the last five financial years ended 2005 and the proposed Annual Caps:

	For the year ended 31 March					For the six months ended 30 September 2009	For the year ending 31 March 2010
	2005	2006	2007	2008	2009		
Sales between the Group and Brandix Parties (other than PT Sri Lanka) (HK\$'000)	52,182	123,337	213,618	199,128	276,900	150,740	301,480
Growth rate (%)	—	136.36	73.20	-6.78	39.06	—	8.88

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

	For the year ending 31 March		
	2011	2012	2013
Proposed Annual Caps (HK\$'000)	377,000	490,000	637,000

Note: The figure is arrived at by annualizing the actual data for the six months ended 30 September 2009.

From the above table, the CAGR of the sales between Brandix Parties and the Group during the three financial years ending 31 March 2010 is approximately 23.04% (the “**Three-year CAGR**”) by assuming that the actual sales in the year ending 31 March 2010 will be doubled that of the first six months of the financial year. The proposed cap for the year ending 31 March 2011 takes a growth rate of approximately 25.05% over the annualized sales for the year ending 31 March 2010, while the annual caps for the two financial years ending 31 March 2012 and 2013, a slightly higher annual growth rate of approximately 30% is proposed by the management of the Company. Our investigation reveals that the sales for the year ended 31 March 2009 is approximately HK\$277 million, while the annualized sales, calculated based on the six-month published figures, for the year ending 31 March 2010 is approximately HK\$301 million, presenting a growth rate of approximately 8.88%. Given the historical growth, the Annual Caps appear to be overstated. Taking a closer look at these figures, however, we realized that the sales made in the first half financial year 2010 was basically during the period from 1 April 2009 to 30 September 2009. During this period, all the negative outcomes resulted from the outbreak of the financial crisis in 2008 emerged. As a result, the growth in sales to Brandix Group slowed down in the year due to the unfavourable business environment. It was inappropriate for the management of the Company to set the Annual Caps based solely on the sales record of a bad year. Thus, the Three-year CAGR of approximately 23.04% has been used as a more sensible reference for setting the annual cap in 2011. A buffer of approximately 2% was also suggested and incorporated by the management of the Company. The growth rates of 25% and 30% are to take into account the increase in the volume of transactions stimulating by the recovering economy, increase in price of products due to increase in costs of good sold and possible inflations in the coming years as the management of the Company foresees that growth rates closer to the historical figures before the outbreak of the financial crisis is more realistic.

Take another look on the historical sales between the two parties for a longer span from the financial years ended 31 March 2005 to 2009, we realize that the CAGR for the five financial years is approximately 51.78% (the “**Five-year CAGR**”). Comparing to the longer term CAGR, the sizes of the implied growth rates of 25% and 30% on the Annual Caps are rather low and relatively conservative.

We are aware of the fact that the above analysis on the proposed Annual Caps is based on historical figures and the future growth rates might not be fully in lined with. However, the historical figures serve as the one of the best references for determining the future sales objectively. In general, past data has been widely used for projections and estimations and has statistically been proven a reliable source of information for making forecasts. We, therefore, opine that determination of future growth rates of the Annual Caps by historical figure is fair and reasonable.

Based on the above analysis, we are in the view that the growth rates of the proposed Annual Caps have been set in-between the range of the Three-year and Five-year CAGR of the sales between the Group and Brandix Parties and will enable the Company to tolerate the future fluctuation in sales resulting from rise and fall of price and volume.

LETTER OF ADVICE FROM THE INDEPENDENT FINANCIAL ADVISOR

RECOMMENDATION

Having considered the abovementioned principal factors, in particular, the followings:

- (i) the stable and long-term relationship between the Group and Brandix Parties;
- (ii) Brandix Parties being customers with good repayment history;
- (iii) the importance of the Group to maintain the business relationship with Brandix Parties for its operating arm in Sri Lanka;
- (iv) the payment terms and pricing mechanism set out in the Brandix Sale of Products Master Agreement are not less favourable to the Company comparing to those offered to the independent third party customers;
- (v) the price of products under the Brandix Sale of Products Master Agreement is determined and will be determined based on the market force; and
- (vi) the sizes of Annual Caps have been projected based on historical sales with reasonable basis and not being excessive;

we consider that renewal of the Non-Exempt Continuing Transactions is in the interest of the Company and its Shareholders as a whole, the Annual Caps for the Non-Exempt Continuing Connected Transaction is fair and reasonable, and the terms of the Brandix Sale of Products Master Agreement are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

Accordingly, we advise the Independent Board Committee to recommend the Shareholders to vote in favour of the relevant ordinary resolution in relation to the Non-Exempt Continuing Connected Transactions to be proposed at the EGM and we also advise the same to the Shareholders.

Yours faithfully,
For and on behalf of
Karl Thomson Financial Advisory Limited
Alex Chow
Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS BY DIRECTORS

As at the Latest Practicable Date, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Long positions in Shares

Name of Director/ Chief Executive	Number of issued Shares held and nature of interest					Total	Approximate percentage of issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Trust interests			
Choi Kin Chung	—	—	—	171,102,000 (Note 1)	—	171,102,000	11.94%
Ip Ping Im	—	2,000,000	401,000,000 (Note 2)	—	—	403,000,000	28.12%
Lam Hing Chau Leon	100,000 (Note 3)	—	—	—	—	100,000	0.01%
Lam King Man	678,000 (Note 4)	—	30,000,000 (Note 5)	—	—	30,678,000	2.14%
Lam Wing Tak	11,810,000	887,000	100,000,000 (Note 6)	—	—	112,697,000	7.86%
Lau Yiu Tong	51,766,000	—	—	—	—	51,766,000	3.61%
Tsang Kang Po	1,676,000	1,500,000	100,000,000 (Note 7)	—	—	103,176,000	7.20%
Wan Wai Loi	10,428,000	820,000	101,304,000 (Note 8)	—	—	112,552,000	7.85%

Notes:

1. These Shares are directly held by Silver Bay International Holdings Limited, whose issued share capital is wholly-owned by Trustcorp Limited, the trustee of the Cypress Pacific Trust, a discretionary trust. For the purposes of the SFO, Mr. Choi Kin Chung is the founder of the Cypress Pacific Trust.
2. These Shares are directly held by Far East Asia Limited, whose issued share capital is wholly-owned by Mr. Ip Ping Im.
3. These Shares are directly held by Mr. Lam Hing Chau Leon, who was appointed as an executive Director of the Company on 21 September 2009.
4. Those Shares under personal interests are held jointly by Dr. Lam King Man and his spouse.
5. These Shares are directly held by Effective Approach Technology Limited, whose issued share capital is 50% owned by Dr. Lam King Man and 50% owned by the spouse of Dr. Lam King Man.
6. These Shares are directly held by Fifth Element Enterprises Limited, whose issued share capital is 75% owned by Mr. Lam Wing Tak and 25% owned by the spouse of Mr. Lam Wing Tak.
7. These Shares are directly held by Top Strong Holdings Limited, whose issued share capital is 50% owned by Mr. Tsang Kang Po and 50% owned by the spouse of Mr. Tsang Kang Po.
8. These Shares are directly held by Hollywood Pacific Limited, whose issued capital is 25% owned by Mr. Wan Wai Loi and 25% owned by the spouse of Mr. Wan Wai Loi.

Long positions in Share Options

Name of Director	Date of Grant	Exercise Price HK\$	Number of share options as at 01/04/2009	Exercisable Period	Number of share options as at the Latest Practice Date
Lam Hing Chau Leon	18/07/2007	5.04	600,000	18/07/2010 - 17/07/2017	600,000

Save as disclosed above, none of the Directors or chief executive of the Company, as at the Latest Practicable Date, had any interests and/or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which were required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTEREST BY SUBSTANTIAL SHAREHOLDERS

So far as any Director or the chief executive of the Company is aware, as at the Latest Practicable Date, the following persons (not being Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was (directly or indirectly) interested in 10% or more of the nominal value of any class of the share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

Long positions in Shares

Name of substantial shareholder	Note	Nature of interest	Number of issued Shares	Aggregate long position	Approximate percentage interest of issued share capital of the Company
Chiu Bo Lan	1	Beneficial owner	820,000	112,552,000	7.85%
		Interest of a controlled corporation	101,304,000		
	2	Interest of spouse	10,428,000		
Hollywood Pacific Limited	1	Beneficial owner	101,304,000	101,304,000	7.07%
Lam Wai Yee	3	Beneficial owner	2,000,000	403,000,000	28.12%
		Interest of spouse	401,000,000		
Far East Asia Limited	4	Beneficial owner	401,000,000	401,000,000	27.98%
Wong Bik Ha	5	Beneficial owner	887,000	112,697,000	7.86%
		Interest of a controlled corporation	100,000,000		
	6	Interest of spouse	11,810,000		
Fifth Element Enterprises Limited	5	Beneficial owner	100,000,000	100,000,000	6.98%
Law Oi Mui	7	Interest of spouse	171,102,000	171,102,000	11.94%
Trustcorp Limited	8	Trustee	171,102,000	171,102,000	11.94%

APPENDIX I**GENERAL INFORMATION**

Name of substantial shareholder	<i>Note</i>	Nature of interest	Number of issued Shares	Aggregate long position	Approximate percentage interest of issued share capital of the Company
Silver Bay International Holdings Limited	8	Beneficial owner	171,102,000	171,102,000	11.94%
Wong Mei Ling		Beneficial owner	1,500,000	103,176,000	7.20%
	9	Interest of a controlled corporation	100,000,000		
	10	Interest of spouse	1,676,000		
Top Strong Holdings Limited	9	Beneficial owner	100,000,000	100,000,000	6.98%
The Capital Group Companies, Inc.		Interest of a controlled corporation	123,600,000	123,600,000	8.63%
Capital Group International, Inc.		Interest of a controlled corporation	123,600,000	123,600,000	8.63%
Capital International, Inc.		Interest of a controlled corporation	123,600,000	123,600,000	8.63%
	11	Investment manager			
Capital International Investments IV, LLC	11	Interest of a controlled corporation	123,600,000	123,600,000	8.63%
Capital International Investments IV, L.P.	11	Interest of a controlled corporation	119,620,100	119,620,100	8.35%
Capital International Private Equity Fund IV, L.P.	11	Beneficial owner	119,620,100	119,620,100	8.35%

Notes:

1. Hollywood Pacific Limited is 25% owned by Mr. Wan Wai Loi and 25% owned by Ms. Chiu Bo Lan, the spouse of Mr. Wan Wai Loi.
2. Ms. Chiu Bo Lan is the spouse of Mr. Wan Wai Loi, a Director.
3. Ms. Lam Wai Yee is the spouse of Mr. Ip Ping Im, a Director.
4. Far East Asia Limited is wholly-owned by Mr. Ip Ping Im, a Director.
5. Fifth Element Enterprises Limited is 75% owned by Mr. Lam Wing Tak and 25% owned by Ms. Wong Bik Ha, the spouse of Mr. Lam Wing Tak.
6. Ms. Wong Bik Ha is the spouse of Mr. Lam Wing Tak, a Director.
7. Ms. Law Oi Mui is the spouse of Mr. Choi Kin Chung, a Director.
8. Silver Bay International Holdings Limited is wholly-owned by Trustcorp Limited, the trustee of the Cypress Pacific Trust, a discretionary trust. For the purposes of the SFO, Mr. Choi Kin Chung, a Director, is the founder of the Cypress Pacific Trust.
9. Top Strong Holdings Limited is 50% owned by Mr. Tsang Kang Po and 50% owned by Ms. Wong Mei Ling, the spouse of Mr. Tsang Kang Po.
10. Ms. Wong Mei Ling is the spouse of Mr. Tsang Kang Po, a Director.
11. Capital International Private Equity Fund IV, L.P. is a private equity fund managed by Capital International, Inc. Capital International Investments IV, L.P. is the general partner of Capital International Private Equity Fund IV, L.P. The general partner of Capital International Investments IV, L.P. is Capital International Investments IV, LLC, which is also the general partner of CGPE IV L.P., an employee securities fund formed to invest side-by-side with Capital International Private Equity Fund IV, L.P. Capital International, Inc. is the managing member of Capital International Investments IV, LLC.

Long position in shares and underlying shares of any other member in the Group

Name of member of the Group	Name of substantial shareholder	Nature of interest	Number of issued Shares	Approximate percentage interest of issued share capital
Textured Jersey Lanka (Private) Limited	Brandix Lanka Limited	1 <i>Note</i>	Beneficial owner	76,666,992 40%

Note:

1. Textured Jersey Lanka (Private) Limited is owned as to 60% by Pacific Textured Jersey Holdings Ltd., a wholly-owned subsidiary of the Company, and 40% by Brandix Lanka Limited.

Save as disclosed above, so far as is known to any Director or chief executive of the Company, as at the Latest Practicable Date, no other person had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. VOTING BY POLL

Pursuant to the article 90 of the Articles, at any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is duly demanded or otherwise required under the Listing Rules. A poll may be demanded by:

- (a) the chairman of the meeting; or
- (b) at least five members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and entitled to vote; or
- (c) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and representing in the aggregate not less than one-tenth of the total voting rights of all members having the right to attend and vote at the meeting; or
- (d) any member or members present in person (or in the case of a corporation, by its duly authorised representative) or by proxy and holding shares conferring a right to attend and vote at the meeting on which there have been paid up sums in the aggregate equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

Pursuant to the Rule 13.39(4) of the Listing Rules, any vote of Shareholders at general meeting of the Company must be taken by way of poll. The Chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM in accordance with article 90 of Articles. The results of the poll will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.pacific-textiles.com).

5. MATERIAL ADVERSE CHANGE

Save as otherwise publicly disclosed by the Company, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 March 2009, the date to which the latest published audited financial statements of the Group were made up.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year) without payment of compensation (other than statutory compensation).

7. DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the Latest Practicable Date, as far as the Directors are aware of, none of the Directors or their respective associates has any interest in a business which competes or is likely to compete with the business of the Group.

8. OTHER INTEREST

As at the Latest Practicable Date, none of the Directors had any direct or indirectly interest in any assets which have been, since 31 March 2009, the date to which the latest published audited accounts of the Group were made up, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired to disposed of by, or leased to, any member of the Group.

As at the Latest Practicable Date, no Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant to the business of the Group taken as a whole.

9. LITIGATION

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries is engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any of its subsidiaries.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given an opinion or advice contained in this circular:

Name	Qualification
Karl Thomson	a corporation licensed under the SFO to carry on type 6 (advising on corporate finance) regulated activities under the SFO

Karl Thomson has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its report as set out in this circular and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Karl Thomson was not beneficially interested in the share capital of any member of the Group, nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either directly or indirectly, in any assets which had been since 31 March 2009 (being the date to which the latest published audited financial statements of the Company were made up) acquired or disposed of by or leased to or were proposed to be acquired or disposed of by or leased to any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at P.O. Box 309GT Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (b) The head office and principal place of business in Hong Kong of the Company is situated at 7th Floor, Block B, Eastern Sea Industrial Building, 48-56 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong.
- (c) The secretary of the Company is Mr. Wu Tai Cheung, who is a member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants and the Hong Kong Institute of Chartered Secretaries.
- (d) Hong Kong branch share registrar of the Company is Computershare Hong Kong Investor Services Limited of 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the head office and principal place of business of the Company in Hong Kong at 7th Floor, Block B, Eastern Sea Industrial Building, 48-56 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong during normal business hours on any business day from the date of this circular up to and including the date of EGM:

- (a) the memorandum and articles of association of the Company;
- (b) the "Letter of Advice from the Independent Financial Adviser" as set out in this circular;
- (c) the written consent of Karl Thomson, as referred to in paragraph headed "Expert and Consent" of this Appendix I; and
- (d) the Brandix Sale of Products Master Agreement.

Mr. Lam Hing Chau Leon

Executive Director and Chief Financial Officer, aged 52.

Mr. Lam joined the Group in 2005 and was appointed as a Director in 2009. Mr. Lam holds a Bachelor's Degree in Social Sciences from the University of Hong Kong. Mr. Lam is a member of the Hong Kong Institute of Certified Public Accountants, CPA Australia, the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Lam also holds Master's degrees in Business Administration, Information Systems, Applied Finance and Electronic Commerce. Prior to joining the Group, Mr. Lam was the executive director, vice president and chief financial officer of CK Life Sciences Int'l (Holdings) Inc., a company listed on the Stock Exchange.

Mr. Lam had not held directorship in any public listed companies in the last three years.

Mr. Lam does not have relationship with other Directors, senior management or substantial shareholders of the Company.

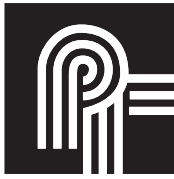
As at the Latest Practicable Date, Mr. Lam is deemed to be interested in 100,000 Shares within the meaning of Part XV of the SFO, representing approximately 0.01% of the issued capital of the Company. Mr. Lam holds 600,000 share options under the Share Option Scheme of the Company within the meaning of Part XV of the SFO.

Mr. Lam has entered into a service agreement for an initial term of two years with effect from 21 September 2009 and the service agreement will continue thereafter until terminated by either party by giving to the other party at least six months' prior notice in writing. His appointment is subject to retirement by rotation and re-election at the general meeting in accordance with the provisions of the Articles.

In accordance with his service agreement, Mr. Lam is entitled to basic salary and directors fee in a total sum of HK\$2,405,000 per annum plus a bonus at the discretion of the Company. For the year ended 31 March 2009, the total amount of emoluments payable to Mr. Lam was approximately HK\$2,734,000. The amount of emoluments payable to Mr. Lam is determined having regard to his duties and responsibilities, the Company's performance, prevailing market conditions and by reference to the emoluments for directors of other listed companies.

Save as disclosed above, there are no other matters that need to be brought to the attention of the Shareholders and there is no information to be disclosed pursuant to Rules 13.51(2) of the Listing Rules in connection with the re-election of Mr. Lam as executive Director.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of Pacific Textiles Holdings Limited (the “Company”) will be held at 7th Floor, Block B, Eastern Sea Industrial Building, 48-56 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong on Friday, 26 March 2010 at 10:30 a.m. for the following purposes of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. **“THAT:**

- (a) the renewal of the Brandix Sale of Products Master Agreement (as defined in the circular to the shareholders of the Company dated 11 March 2010) for a period of three years commencing from 1 April 2010 in accordance with the terms thereon be and is hereby approved, confirmed and ratified;
- (b) the transactions contemplated under the Brandix Sale of Products Master Agreement and the proposed annual caps for each of the three financial years ending 31 March 2013 as set out in the abovementioned circular be and are hereby approved; and
- (c) any one director of the Company (“Director”) be and is hereby authorized to do all actions and to sign, execute and deliver all such agreements, deeds and documents for and on behalf of the Company as such Director may in his discretion consider necessary or desirable for the purpose of effecting any of the transactions contemplated under Brandix Sales of Products Master Agreement, the implementation or the exercise or enforcement of any of the rights and performance of any of the obligations thereunder.”

2. **“THAT** Mr. Lam Hing Chau Leon be and is hereby re-elected as executive Director.”

By order of the Board of Directors
Wu Tai Cheung
Company Secretary

Hong Kong, 11 March 2010

** For identification purpose only*

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (i) The resolutions set out in this notice will be voted by poll.
- (ii) Any shareholder of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a shareholder of the Company.
- (iii) In order to be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof shall be deposited at the head office and principal place of business of the Company in Hong Kong at 7th Floor, Block B, Eastern Sea Industrial Building, 48—56 Tai Lin Pai Road, Kwai Chung, New Territories, Hong Kong not less than 48 hours before the time for holding the extraordinary general meeting or any adjourned meeting.
- (iv) The translation into Chinese language of this notice is for reference only. In case of inconsistency, the English version shall prevail.