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PACIFIC TEXTILES HOLDINGS LIMITED

互太紡織控股有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 01382)

PROFIT WARNING

This announcement is made by Pacific Textiles Holdings Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provision (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “Board”) of directors of the Company (the “Directors”) wishes to inform the shareholders of the Company (the “Shareholders”) and potential investors that based on the preliminary assessment of the currently available information, the Board expects that the profit attributable to equity holders of the Company will be decreased from approximate HKD976 million for the year ended 31 March 2017 to approximate HKD731 million for the year ended 31 March 2018 (a decrease of approximate 25%). The downturn is mainly due to various factors, including but not limited to (i) the absence of gain on reversal of provision for impairment of interest in an associate as in the previous year (amounted to approximate HKD46.8 million); (ii) higher fixed cost absorption and expenses incurred to meet customer claims arising from the suspension of production of the Vietnam factory during the financial year ended 31 March 2018, which amounted to around HKD100 million; (iii) the inflation of production costs, such as yarn, chemicals, labor, coal as well as appreciation of RMB during the financial year ended 31 March 2018.

The Board expected that the said gain on reversal of provision as stated in factor (i) is non-recurring in nature and shall cease to have financial impact for the next financial year ending 31 March 2019; expenses to meet customer claims referred to in factor (ii) are non-recurring in nature because production of the Vietnam factory has already been resumed and the higher fixed cost absorption will also be reduced. To combat the effect of inflation as stated in factor (iii), the management is continuously exploring cost reduction initiatives and formulating relevant business strategies, for instance, increasing selling price is one of the key strategies of the Company for the coming year.

As the information contained in this announcement is only based on the preliminary review of management accounts of the Group and the information presently available to the Board, and is not based on any information or figures which have been audited or reviewed by the Company’s auditors, the actual results of the Group may be different from what is disclosed in this announcement. It is expected that the Company’s final result announcement for the year ended 31 March 2018 will be released in June 2018.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Pacific Textiles Holdings Limited
WAN WAI LOI
Chairman & CEO

Hong Kong, 11 May 2018

As at the date of this announcement, the Executive Directors are Mr. WAN Wai Loi, Mr. Lau Yiu Tong, Mr. Tou Kit Vai and Mr. ISHII Toshiya, the Non-executive Directors are Mr. CHOI Kin Chung and Mr. TSANG Kang Po and the Independent Non-executive Directors are Dr. CHAN Yue Kwong, Michael, Mr. NG Ching Wah and Mr. SZE Kwok Wing, Nigel.

* *For identification purposes only*