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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2019**

The Board of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 September 2019 together with the comparative figures for the six months ended 30 September 2018. The interim results have been reviewed by the Company's auditor in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The interim results have also been reviewed by the Company's audit committee.

**INTERIM FINANCIAL INFORMATION**

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

*For the six months ended 30 September 2019*

|                                                      |             | <b>Six months ended</b>   |                    |
|------------------------------------------------------|-------------|---------------------------|--------------------|
|                                                      |             | <b>30 September</b>       |                    |
|                                                      |             | <b>2019</b>               | <b>2018</b>        |
|                                                      |             | <b>HK\$'000</b>           | <b>HK\$'000</b>    |
|                                                      | <i>Note</i> | <b>(Unaudited)</b>        | <b>(Unaudited)</b> |
| <b>Revenue</b>                                       | 3           | <b>3,025,462</b>          | 3,402,736          |
| Cost of sales                                        | 5           | <u><b>(2,485,202)</b></u> | <u>(2,771,865)</u> |
| <b>Gross profit</b>                                  |             | <b>540,260</b>            | 630,871            |
| Other income and other losses – net                  | 4           | <b>28,677</b>             | 64,139             |
| Net reversal of impairment loss on trade receivables |             | <b>43</b>                 | –                  |
| Distribution and selling expenses                    | 5           | <b>(32,479)</b>           | (35,672)           |
| General and administrative expenses                  | 5           | <u><b>(91,871)</b></u>    | <u>(95,796)</u>    |

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (cont'd)***For the six months ended 30 September 2019*

|                                                                                                      |             | <b>Six months ended</b> |                    |
|------------------------------------------------------------------------------------------------------|-------------|-------------------------|--------------------|
|                                                                                                      |             | <b>30 September</b>     |                    |
|                                                                                                      |             | <b>2019</b>             | <b>2018</b>        |
|                                                                                                      |             | <b>HK\$'000</b>         | <b>HK\$'000</b>    |
|                                                                                                      | <i>Note</i> | <b>(Unaudited)</b>      | <b>(Unaudited)</b> |
| <b>Operating profit</b>                                                                              |             | <b>444,630</b>          | 563,542            |
| Finance income                                                                                       |             | <b>22,822</b>           | 15,266             |
| Finance costs                                                                                        |             | <b>(6,083)</b>          | (3,398)            |
| Share of profits of associates                                                                       |             | <b>20,679</b>           | 15,406             |
|                                                                                                      |             | <hr/>                   | <hr/>              |
| <b>Profit before income tax</b>                                                                      |             | <b>482,048</b>          | 590,816            |
| Income tax expense                                                                                   | 6           | <b>(56,250)</b>         | (87,887)           |
|                                                                                                      |             | <hr/>                   | <hr/>              |
| <b>Profit for the period</b>                                                                         |             | <b>425,798</b>          | 502,929            |
|                                                                                                      |             | <hr/> <hr/>             | <hr/> <hr/>        |
| Profit for the period attributable to:                                                               |             |                         |                    |
| Equity holders of the Company                                                                        |             | <b>412,009</b>          | 501,568            |
| Non-controlling interests                                                                            |             | <b>13,789</b>           | 1,361              |
|                                                                                                      |             | <hr/>                   | <hr/>              |
|                                                                                                      |             | <b>425,798</b>          | 502,929            |
|                                                                                                      |             | <hr/> <hr/>             | <hr/> <hr/>        |
| <b>Earnings per share for profit attributable to equity holders of the Company during the period</b> |             |                         |                    |
| – basic (HK\$)                                                                                       | 7           | <b>0.28</b>             | 0.35               |
|                                                                                                      |             | <hr/> <hr/>             | <hr/> <hr/>        |
| – diluted (HK\$)                                                                                     | 7           | <b>0.28</b>             | 0.35               |
|                                                                                                      |             | <hr/> <hr/>             | <hr/> <hr/>        |

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2019

|                                                                       | Six months ended<br>30 September |                       |
|-----------------------------------------------------------------------|----------------------------------|-----------------------|
|                                                                       | 2019                             | 2018                  |
|                                                                       | HK\$'000                         | HK\$'000              |
|                                                                       | (Unaudited)                      | (Unaudited)           |
| <b>Profit for the period</b>                                          | <b>425,798</b>                   | 502,929               |
| Other comprehensive income:                                           |                                  |                       |
| <i>Item that may be reclassified to profit or loss:</i>               |                                  |                       |
| Currency translation differences                                      | <u>(127,316)</u>                 | <u>(265,403)</u>      |
| <b>Total comprehensive income for the period</b>                      | <b><u>298,482</u></b>            | <b><u>237,526</u></b> |
| <b>Total comprehensive income for the<br/>period attributable to:</b> |                                  |                       |
| Equity holders of the Company                                         | <b>284,803</b>                   | 238,591               |
| Non-controlling interests                                             | <u>13,679</u>                    | <u>(1,065)</u>        |
|                                                                       | <b><u>298,482</u></b>            | <b><u>237,526</u></b> |

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2019

|                                                                      | 30 September<br>2019<br><i>HK\$'000</i><br><i>Note</i> (Unaudited) | 31 March<br>2019<br><i>HK\$'000</i><br>(Audited) |
|----------------------------------------------------------------------|--------------------------------------------------------------------|--------------------------------------------------|
| <b>ASSETS</b>                                                        |                                                                    |                                                  |
| <b>Non-current assets</b>                                            |                                                                    |                                                  |
| Right-of-use assets                                                  | 115,367                                                            | –                                                |
| Land use rights                                                      | –                                                                  | 115,321                                          |
| Property, plant and equipment                                        | 1,468,016                                                          | 1,520,210                                        |
| Interests in associates                                              | 321,646                                                            | 320,572                                          |
| Financial assets at fair value through<br>other comprehensive income | 853                                                                | 853                                              |
| Deferred income tax assets                                           | 9,401                                                              | 15,843                                           |
| Prepayment for property, plant and equipment                         | 19,361                                                             | 28,497                                           |
|                                                                      | <u>1,934,644</u>                                                   | <u>2,001,296</u>                                 |
| <b>Current assets</b>                                                |                                                                    |                                                  |
| Inventories                                                          | 1,010,940                                                          | 947,353                                          |
| Trade and bills receivables                                          | 9 956,874                                                          | 735,882                                          |
| Deposits, prepayments and other receivables                          | 76,591                                                             | 63,676                                           |
| Amounts due from associates                                          | 51,858                                                             | 52,799                                           |
| Derivative financial instruments                                     | –                                                                  | 8,339                                            |
| Short-term bank deposits                                             | 42,425                                                             | –                                                |
| Cash and cash equivalents                                            | 942,505                                                            | 720,892                                          |
|                                                                      | <u>3,081,193</u>                                                   | <u>2,528,941</u>                                 |
| <b>Total assets</b>                                                  | <u><u>5,015,837</u></u>                                            | <u><u>4,530,237</u></u>                          |
| <b>EQUITY</b>                                                        |                                                                    |                                                  |
| <b>Equity attributable to equity holders of the Company</b>          |                                                                    |                                                  |
| Share capital                                                        | 1,445                                                              | 1,446                                            |
| Share premium                                                        | 1,446,496                                                          | 1,453,188                                        |
| Treasury shares                                                      | (3,504)                                                            | –                                                |
| Reserves                                                             | 1,749,026                                                          | 1,824,977                                        |
|                                                                      | <u>3,193,463</u>                                                   | <u>3,279,611</u>                                 |
| <b>Non-controlling interests</b>                                     | <u>3,707</u>                                                       | <u>(9,972)</u>                                   |
| <b>Total equity</b>                                                  | <u><u>3,197,170</u></u>                                            | <u><u>3,269,639</u></u>                          |

## CONDENSED CONSOLIDATED BALANCE SHEET (cont'd)

As at 30 September 2019

|                                     | 30 September<br>2019<br><i>HK\$'000</i><br>(Unaudited) | 31 March<br>2019<br><i>HK\$'000</i><br>(Audited) |
|-------------------------------------|--------------------------------------------------------|--------------------------------------------------|
|                                     | <i>Note</i>                                            |                                                  |
| <b>LIABILITIES</b>                  |                                                        |                                                  |
| <b>Non-current liabilities</b>      |                                                        |                                                  |
| Borrowings                          | 146,076                                                | 146,225                                          |
| Deferred income tax liabilities     | 44,719                                                 | 39,889                                           |
| Lease liabilities                   | 775                                                    | –                                                |
| Other non-current payable           | 23,487                                                 | 22,934                                           |
|                                     | <u>215,057</u>                                         | <u>209,048</u>                                   |
| <b>Current liabilities</b>          |                                                        |                                                  |
| Borrowings                          | 502,427                                                | 300,000                                          |
| Trade and bills payables            | 10 834,557                                             | 568,485                                          |
| Accruals and other payables         | 185,059                                                | 160,636                                          |
| Lease liabilities                   | 857                                                    | –                                                |
| Derivative financial instruments    | 9,794                                                  | 225                                              |
| Current income tax liabilities      | 70,916                                                 | 22,204                                           |
|                                     | <u>1,603,610</u>                                       | <u>1,051,550</u>                                 |
| <b>Total liabilities</b>            | <u>1,818,667</u>                                       | <u>1,260,598</u>                                 |
| <b>Total equity and liabilities</b> | <u>5,015,837</u>                                       | <u>4,530,237</u>                                 |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 1 BASIS OF PREPARATION

This interim condensed consolidated financial information as at and for the six-month period ended 30 September 2019 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34, “Interim Financial Reporting”. It should be read in conjunction with the annual financial statements for the year ended 31 March 2019, prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### 2 ACCOUNTING POLICIES

The accounting policies applied to this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 March 2019 as described in those annual financial statements except that income tax is accrued using the tax rate that would be applicable to the expected total annual earnings and the adoption of new and amended standards as set out below.

- (a) The following amendments to standards are mandatory for the first time for the financial period beginning 1 April 2019 and currently relevant to the Group:

|                                           |                                                      |
|-------------------------------------------|------------------------------------------------------|
| Amendments to Annual Improvements Project | Annual improvements 2015–2017 cycle                  |
| Amendments to HKFRS 9                     | Prepayment features with negative compensation       |
| Amendments to HKAS 19                     | Plan amendment, curtailment or settlement            |
| Amendments to HKAS 28                     | Long-term interests in associates and joint ventures |
| HKFRS 16                                  | Leases                                               |
| HK(IFRIC)-Int 23                          | Uncertainty over income tax treatments               |

The Group changed its accounting policies for leases with effect from 1 April 2019 following the adoption of HKFRS 16 “Leases” (“HKFRS 16”) as disclosed in Note 2(c) below. All other amendments to standards and interpretation listed above do not have a significant effect on the Group’s accounting policies.

- (b) The following new standards and amendments to standards have been issued but are not effective for the financial period beginning 1 April 2019 and have not been early adopted by the Group:

|                                                                                                                             | <b>Effective for annual periods on or after</b> |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|
| Amendments to HKFRS 3 (Revised), “Definition of a business”                                                                 | 1 January 2020                                  |
| Conceptual Framework for Financial Reporting 2018                                                                           | 1 January 2020                                  |
| HKFRS 17, “Insurance Contracts”                                                                                             | 1 January 2021                                  |
| Amendments to HKFRS 10 and HKAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined                                |

Management is in the process of assessing the financial impact of the adoption of the above standards and amendments to standards. The Group will adopt the new standards and amendments to standards when they become effective.

(c) Changes in Accounting Policies

The following explains the impact of the adoption of HKFRS 16 on the Group's financial information.

The Group elected to adopt HKFRS 16 without restating comparatives as permitted under specific transitional provisions in the standard. The reclassifications and the adjustments are therefore not reflected in the consolidated balance sheet as at 31 March 2019, but are recognised in the opening balance sheet on 1 April 2019.

- Adjustments recognised on the adoption of HKFRS 16

On the adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 April 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 April 2019 was 3.92%.

|                                                                                                | <b>2019</b>         |
|------------------------------------------------------------------------------------------------|---------------------|
|                                                                                                | <i>HK\$'000</i>     |
| Operating lease commitments disclosed as at 31 March 2019                                      | 1,442               |
| Discounted using the lessee's incremental borrowing rate of at the date of initial application | 1,292               |
| <b>Lease liabilities recognised as at 1 April 2019</b>                                         | <u>1,292</u>        |
| Of which:                                                                                      |                     |
| Current lease liabilities                                                                      | 662                 |
| Non-current lease liabilities                                                                  | <u>630</u>          |
|                                                                                                | <u><u>1,292</u></u> |

The associated right-of-use assets for property leases were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 March 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. Right-of-use assets recognised upon the date of initial application were measured at the amount equal to the lease liabilities.

Land use rights, previously presented as a separate item on the consolidated balance sheet, and leasehold land, previously included in property, plant and equipment, are grouped as part of right-of-use assets with effect from 1 April 2019.

The recognised right-of-use assets relate to the following types of assets:

|                                  | <b>30 September<br/>2019</b> | <b>1 April<br/>2019</b> |
|----------------------------------|------------------------------|-------------------------|
|                                  | <i>HK\$'000</i>              | <i>HK\$'000</i>         |
| Office premises                  | 1,615                        | 1,292                   |
| Leasehold land                   | 2,680                        | 2,728                   |
| Land use rights                  | 111,072                      | 115,321                 |
|                                  | <hr/>                        | <hr/>                   |
| <b>Total right-of-use assets</b> | <b>115,367</b>               | <b>119,341</b>          |
|                                  | <hr/> <hr/>                  | <hr/> <hr/>             |

The movement of the right-of-use assets is as follows:

|                                                | <i>HK\$'000</i> |
|------------------------------------------------|-----------------|
| Opening balance as at 1 April 2019             | 119,341         |
| Addition                                       | 828             |
| Amortisation ( <i>Note 5</i> )                 | (2,238)         |
| Currency translation differences               | (2,564)         |
|                                                | <hr/>           |
| <b>Closing balance as at 30 September 2019</b> | <b>115,367</b>  |
|                                                | <hr/> <hr/>     |

Changes in accounting policies affected the following items in the consolidated balance sheet on 1 April 2019:

|                                             | <b>31 March<br/>2019</b>           | <b>Effects of the<br/>adoption of</b> | <b>1 April<br/>2019</b> |
|---------------------------------------------|------------------------------------|---------------------------------------|-------------------------|
|                                             | <b>as originally<br/>presented</b> | <b>HKFRS 16</b>                       | <b>Restated</b>         |
|                                             | <i>HK\$'000</i>                    | <i>HK\$'000</i>                       | <i>HK\$'000</i>         |
| <b>Consolidated balance sheet (extract)</b> |                                    |                                       |                         |
| <b>Non-current assets</b>                   |                                    |                                       |                         |
| Land use rights                             | 115,321                            | (115,321)                             | –                       |
| Property, plant and equipment               | 1,520,210                          | (2,728)                               | 1,517,482               |
| Right-of-use assets                         | –                                  | 119,341                               | 119,341                 |
| <b>Current liabilities</b>                  |                                    |                                       |                         |
| Lease liabilities                           | –                                  | 662                                   | 662                     |
| <b>Non-current liabilities</b>              |                                    |                                       |                         |
| Lease liabilities                           | –                                  | 630                                   | 630                     |

(i) Impact on segment disclosures and earnings per share

The impact on segment disclosures and earnings per share for the period ended 30 September 2019 is not significant.



(ii) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following recognition exemptions and practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 April 2019 as short-term leases
- exempting operating leases for which the underlying assets are of low value
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date, the Group relied on its assessment made applying HKAS 17 and HK(IFRIC)-Int 4 “Determining whether an Arrangement contains a Lease”.

- The Group’s leasing activities and how these are accounted for

As a lessee

The Group leases various office premises. Rental contracts are typically made for fixed periods of 2-3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until 31 March 2019, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding lease liability. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use assets, including office premises, land use rights and leasehold land, are depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable (if any);
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option (if any).

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received (if any);
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise small items of office equipment.

As a lessor

The Group leases out its buildings under non-cancellable operating lease arrangements. The lease terms are between 1 and 5 years. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor in the comparative period are not different from HKFRS 16. The Group is not required to make any adjustments on transition to HKFRS 16 for leases in which it acts as a lessor, except for a sub-lease. When the Group is an intermediate lessor, the sub-lease is classified with reference to the underlying asset.

The Group does not have sub-leases arrangements. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'. The Group has accounted for its lease in accordance with HKFRS 16 from the date of initial application.

### 3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company collectively, who determine the operating segments of the Group and review the Group's internal reporting in order to assess performance and allocate resources.

All of the Group's business operations relate to the manufacturing and trading of textile products with similar economic characteristics. Accordingly, the executive directors review the performance of the Group as a single segment, which covers operations conducted by subsidiaries in Hong Kong, Macau, the PRC and Vietnam, and associates in the PRC and Sri Lanka. The executive directors review resources allocation and assess performance of the Group on a regular basis based on the following financial information:

|                                                               | <b>Six months ended</b> |                 |
|---------------------------------------------------------------|-------------------------|-----------------|
|                                                               | <b>30 September</b>     |                 |
|                                                               | <b>2019</b>             | 2018            |
|                                                               | <i>HK\$'000</i>         | <i>HK\$'000</i> |
|                                                               | <b>(Unaudited)</b>      | (Unaudited)     |
| Revenue                                                       | <b>3,025,462</b>        | 3,402,736       |
| Gross profit                                                  | <b>540,260</b>          | 630,871         |
| Gross profit margin (%)                                       | <b>17.9%</b>            | 18.5%           |
| EBITDA ( <i>Note i</i> )                                      | <b>542,614</b>          | 653,830         |
| EBITDA margin (%)                                             | <b>17.9%</b>            | 19.2%           |
| Operating expenses                                            | <b>124,307</b>          | 131,468         |
| Operating expenses/Revenue (%)                                | <b>4.1%</b>             | 3.9%            |
| Profit attributable to equity holders of the Company          | <b>412,009</b>          | 501,568         |
| Net profit margin (%)                                         | <b>13.6%</b>            | 14.7%           |
| Total assets                                                  | <b>5,015,837</b>        | 4,530,237       |
| Equity attributable to equity holders of the Company          | <b>3,193,463</b>        | 3,279,611       |
| Cash and bank balances                                        | <b>984,930</b>          | 720,892         |
| Borrowings                                                    | <b>648,503</b>          | 446,225         |
| Inventories                                                   | <b>1,010,940</b>        | 947,353         |
| Inventories turnover days ( <i>Note ii</i> )                  | <b>72</b>               | 73              |
| Trade and bills receivables                                   | <b>956,874</b>          | 735,882         |
| Trade and bills receivables turnover days ( <i>Note iii</i> ) | <b>51</b>               | 49              |
| Trade and bills payables                                      | <b>834,557</b>          | 568,485         |
| Trade and bills payables turnover days ( <i>Note ii</i> )     | <b>52</b>               | 49              |

### 3 SEGMENT INFORMATION (cont'd)

*Note i:*

EBITDA is defined as profit for the period before finance income, finance costs, income tax expense, depreciation and amortisation.

*Note ii:*

The turnover days are calculated by the simple average of the beginning of the period and the end of the period balances over cost of sales.

*Note iii:*

The turnover days are calculated by the simple average of the beginning of the period and the end of the period balances over revenue.

A reconciliation of EBITDA to total profit before income tax is provided as follows:

|                          | <b>Six months ended</b> |             |
|--------------------------|-------------------------|-------------|
|                          | <b>30 September</b>     |             |
|                          | <b>2019</b>             | 2018        |
|                          | <b>HK\$'000</b>         | HK\$'000    |
|                          | <b>(Unaudited)</b>      | (Unaudited) |
| EBITDA                   | <b>542,614</b>          | 653,830     |
| Depreciation             | <b>(75,067)</b>         | (73,175)    |
| Amortisation             | <b>(2,238)</b>          | (1,707)     |
| Finance income           | <b>22,822</b>           | 15,266      |
| Finance costs            | <b>(6,083)</b>          | (3,398)     |
|                          | <hr/>                   | <hr/>       |
| Profit before income tax | <b>482,048</b>          | 590,816     |
|                          | <hr/> <hr/>             | <hr/> <hr/> |

### 3 SEGMENT INFORMATION (cont'd)

The Group's revenue represents sales of goods. Analysis of revenue by geographical location, as determined by the destination where the products are delivered, is as follows:

|                 | <b>Six months ended</b> |                  |
|-----------------|-------------------------|------------------|
|                 | <b>30 September</b>     |                  |
|                 | <b>2019</b>             | 2018             |
|                 | <b><i>HK\$'000</i></b>  | <i>HK\$'000</i>  |
|                 | <b>(Unaudited)</b>      | (Unaudited)      |
| PRC             | <b>645,557</b>          | 730,565          |
| South East Asia | <b>1,607,462</b>        | 1,732,460        |
| Hong Kong       | <b>266,903</b>          | 361,068          |
| Sri Lanka       | <b>202,839</b>          | 141,518          |
| Bangladesh      | <b>159,943</b>          | 224,783          |
| Others          | <b>142,758</b>          | 212,342          |
|                 | <b><u>3,025,462</u></b> | <u>3,402,736</u> |

For the period ended 30 September 2019, the top two customers accounted for approximately 41% (2018: 47%) and 16% (2018: 19%) of the Group's revenue, respectively. No other customer individually accounted for more than 10% of the Group's revenue for the periods ended 30 September 2019 and 2018.

The Group's non-current assets (excluding interests in associates and deferred income tax assets) are located in the following geographical locations:

|           | <b>As at</b>            |                  |
|-----------|-------------------------|------------------|
|           | <b>30 September</b>     | 31 March         |
|           | <b>2019</b>             | 2019             |
|           | <b><i>HK\$'000</i></b>  | <i>HK\$'000</i>  |
|           | <b>(Unaudited)</b>      | (Audited)        |
| PRC       | <b>1,279,421</b>        | 1,336,577        |
| Hong Kong | <b>12,553</b>           | 13,009           |
| Vietnam   | <b>311,623</b>          | 315,295          |
|           | <b><u>1,603,597</u></b> | <u>1,664,881</u> |

**4 OTHER INCOME AND OTHER LOSSES – NET**

|                                                   | <b>Six months ended</b> |                        |
|---------------------------------------------------|-------------------------|------------------------|
|                                                   | <b>30 September</b>     |                        |
|                                                   | <b>2019</b>             | <b>2018</b>            |
|                                                   | <b><i>HK\$'000</i></b>  | <b><i>HK\$'000</i></b> |
|                                                   | <b>(Unaudited)</b>      | <b>(Unaudited)</b>     |
| Other income:                                     |                         |                        |
| Sales of residual materials                       | <b>23,219</b>           | 32,013                 |
| Sub-contracting income                            | <b>677</b>              | 4,461                  |
| Handling income                                   | <b>1,955</b>            | 1,969                  |
| Rental income                                     | <b>2,081</b>            | 2,386                  |
| Customer compensation on order cancellation       | <b>9,654</b>            | 7,005                  |
| Miscellaneous income                              | <b>31,756</b>           | 29,913                 |
|                                                   | <b>69,342</b>           | 77,747                 |
| Other losses – net:                               |                         |                        |
| Derivative financial instruments                  |                         |                        |
| – forward foreign exchange contracts              | <b>(22,736)</b>         | (13,633)               |
| Net foreign exchange (losses)/gains               | <b>(17,448)</b>         | 2,391                  |
| Loss on disposal of property, plant and equipment | <b>(481)</b>            | (2,366)                |
|                                                   | <b>(40,665)</b>         | (13,608)               |
|                                                   | <b>28,677</b>           | 64,139                 |

## 5 EXPENSES BY NATURE

|                                                                                                       | Six months ended |                  |
|-------------------------------------------------------------------------------------------------------|------------------|------------------|
|                                                                                                       | 30 September     |                  |
|                                                                                                       | 2019             | 2018             |
|                                                                                                       | <i>HK\$'000</i>  | <i>HK\$'000</i>  |
|                                                                                                       | (Unaudited)      | (Unaudited)      |
| Depreciation of property, plant and equipment                                                         | 75,067           | 73,175           |
| Amortisation of right-of-use assets                                                                   | 2,238            | –                |
| Amortisation of land use rights                                                                       | –                | 1,707            |
| Cost of raw materials and consumables used                                                            | 2,218,454        | 2,409,440        |
| Employee benefits expenses (including directors' emoluments)                                          | 269,849          | 320,382          |
| Reversal of provision for slow-moving and obsolete inventories                                        | (12,630)         | (12,300)         |
| Operating lease payments                                                                              | –                | 1,930            |
| Utility expenses                                                                                      | 1,833            | –                |
| Other expenses                                                                                        | 54,741           | 108,999          |
|                                                                                                       | <hr/>            | <hr/>            |
| <b>Total cost of sales, distribution and selling expenses and general and administrative expenses</b> | <b>2,609,552</b> | <b>2,903,333</b> |
|                                                                                                       | <hr/> <hr/>      | <hr/> <hr/>      |

## 6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits during the period. PRC corporate income tax ("CIT") has been provided for at the rate of 25% (2018: 25%) on the estimated assessable profits during the period. Vietnam enterprise income tax has been provided for at the rate of 20% (2018: 20%) on the estimated assessable profits during the period.

The Group's subsidiary in Vietnam is entitled to tax holiday and the profits are fully exempted from Vietnam enterprise income tax for two years starting from its first year of profitable operations after offsetting prior year tax losses, followed by 50% reduction in CIT in the next four years.

The amount of income tax expense in the condensed consolidated statement of profit or loss represents:

|                                 | Six months ended |                 |
|---------------------------------|------------------|-----------------|
|                                 | 30 September     |                 |
|                                 | 2019             | 2018            |
|                                 | <i>HK\$'000</i>  | <i>HK\$'000</i> |
|                                 | (Unaudited)      | (Unaudited)     |
| Current income tax              |                  |                 |
| – Hong Kong profits tax         | 30,034           | 42,000          |
| – Overseas corporate income tax | 13,052           | 42,166          |
| Deferred income tax             | 13,164           | 3,721           |
|                                 | <hr/>            | <hr/>           |
|                                 | <b>56,250</b>    | <b>87,887</b>   |
|                                 | <hr/> <hr/>      | <hr/> <hr/>     |

## 7 EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of shares in issue during the period.

|                                                                              | <b>Six months ended</b> |             |
|------------------------------------------------------------------------------|-------------------------|-------------|
|                                                                              | <b>30 September</b>     |             |
|                                                                              | <b>2019</b>             | 2018        |
|                                                                              | <b>(Unaudited)</b>      | (Unaudited) |
| Profit attributable to the equity holders of the Company ( <i>HK\$'000</i> ) | <b>412,009</b>          | 501,568     |
| Weighted average number of shares in issue ( <i>thousands</i> )              | <b>1,446,349</b>        | 1,446,423   |
| Basic earnings per share ( <i>HK\$ per share</i> )                           | <b>0.28</b>             | 0.35        |

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

Shares issuable under the share option schemes are the only dilutive potential ordinary shares. A calculation is prepared to determine the number of shares that could have been acquired at fair value (determined as the average daily quoted market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is increased by the number of shares that would have been issued assuming the exercise of the share options.

|                                                                              | <b>Six months ended</b> |             |
|------------------------------------------------------------------------------|-------------------------|-------------|
|                                                                              | <b>30 September</b>     |             |
|                                                                              | <b>2019</b>             | 2018        |
|                                                                              | <b>(Unaudited)</b>      | (Unaudited) |
| Profit attributable to the equity holders of the Company ( <i>HK\$'000</i> ) | <b>412,009</b>          | 501,568     |
| Weighted average number of shares in issue ( <i>thousands</i> )              | <b>1,446,349</b>        | 1,446,423   |
| Adjustments for share options ( <i>thousands</i> )                           | —                       | —           |
|                                                                              | <b>1,446,349</b>        | 1,446,423   |
| Diluted earnings per share ( <i>HK\$ per share</i> )                         | <b>0.28</b>             | 0.35        |



## 8 DIVIDENDS

|                                                                              | Six months ended<br>30 September |                 |
|------------------------------------------------------------------------------|----------------------------------|-----------------|
|                                                                              | 2019                             | 2018            |
|                                                                              | <i>HK\$'000</i>                  | <i>HK\$'000</i> |
|                                                                              | (Unaudited)                      | (Unaudited)     |
| Interim dividend of HK\$26 cents per share<br>(2018: HK\$32 cents per share) | <u>375,525</u>                   | <u>462,855</u>  |

On 21 November 2019, the Board declared an interim dividend of HK\$26 cents per share (2018: HK\$32 cents per share) for the six-month period ended 30 September 2019. This interim dividend amounting to HK\$375,525,000 (2018: HK\$462,855,000) has not been recognised as a liability in this interim financial information.

## 9 TRADE AND BILLS RECEIVABLES

|                                                     | As at                |                  |
|-----------------------------------------------------|----------------------|------------------|
|                                                     | 30 September<br>2019 | 31 March<br>2019 |
|                                                     | <i>HK\$'000</i>      | <i>HK\$'000</i>  |
|                                                     | (Unaudited)          | (Audited)        |
| Trade receivables                                   | 892,050              | 702,862          |
| Bills receivables                                   | <u>68,492</u>        | <u>36,831</u>    |
|                                                     | 960,542              | 739,693          |
| Less: provision for impairment of trade receivables | <u>(3,668)</u>       | <u>(3,811)</u>   |
|                                                     | <u>956,874</u>       | <u>735,882</u>   |

The carrying amounts of trade and bills receivables approximate their fair values.

The majority of the Group's sales are made with credit terms of 30 to 60 days. Trade and bills receivables, based on goods delivered date, were aged as follows:

|                   | As at                |                  |
|-------------------|----------------------|------------------|
|                   | 30 September<br>2019 | 31 March<br>2019 |
|                   | <i>HK\$'000</i>      | <i>HK\$'000</i>  |
|                   | (Unaudited)          | (Audited)        |
| 0 – 60 days       | 910,783              | 674,723          |
| 61 – 120 days     | 48,977               | 61,535           |
| 121 days – 1 year | <u>782</u>           | <u>3,435</u>     |
|                   | <u>960,542</u>       | <u>739,693</u>   |

## 10 TRADE AND BILLS PAYABLES

Credit periods granted by the creditors generally range from 30 to 90 days. Trade and bills payables, based on delivery dates, were aged as follows:

|                   | <b>As at</b>        |           |
|-------------------|---------------------|-----------|
|                   | <b>30 September</b> | 31 March  |
|                   | <b>2019</b>         | 2019      |
|                   | <b>HK\$'000</b>     | HK\$'000  |
|                   | <b>(Unaudited)</b>  | (Audited) |
| 0 – 60 days       | <b>732,657</b>      | 533,624   |
| 61 – 120 days     | <b>80,713</b>       | 26,691    |
| 121 days – 1 year | <b>21,187</b>       | 8,170     |
|                   | <b>834,557</b>      | 568,485   |

The carrying amounts of trade and bills payables approximate their fair values.

The carrying amounts of trade and bills payables include an amount of HK\$32,193,000 (31 March 2019: HK\$24,624,000) due to Toray Industries, Inc., who is the single largest shareholder of the Company.

## 11 CAPITAL COMMITMENTS

Capital expenditure at the balance sheet date, contracted for but not yet incurred, is as follows:

|                                  | <b>As at</b>        |           |
|----------------------------------|---------------------|-----------|
|                                  | <b>30 September</b> | 31 March  |
|                                  | <b>2019</b>         | 2019      |
|                                  | <b>HK\$'000</b>     | HK\$'000  |
|                                  | <b>(Unaudited)</b>  | (Audited) |
| Contracted but not provided for: |                     |           |
| Property, plant and equipment    | <b>87,964</b>       | 102,810   |

As at 30 September 2019, the Group had authorised and unpaid-up capital of approximately HK\$249,417,000 (31 March 2019: HK\$249,576,000) in a subsidiary in Vietnam.

As at 30 September 2019, the Group did not have any significant share of capital commitments of its associates.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS AND FINANCIAL REVIEW**

Pacific Textiles Holdings Limited and its subsidiaries are principally engaged in manufacturing and trading of textiles products, including high quality cotton and synthetic knitted fabrics.

#### **Revenue**

During the period under review, the revenue of the Group was approximately HK\$3,025.5 million (2018: approximately HK\$3,402.7 million) represented a decrease of 11.1% as compared with the period ended 30 September 2018.

Revenue generated from sales of goods from different geographical locations (as determined by where the products were delivered to) is set out in note 3 to the financial information of this announcement.

Other incomes comprised, among others, sales of residual materials are set out in note 4 to the financial information of this announcement.

#### **Cost of sales**

Cost of sales of the Group was approximately HK\$2,485.2 million (2018: HK\$2,771.9 million) represented a decrease of 10.3% as compared with the period ended 30 September 2018 due to decrease in revenue.

#### **Profit**

During the period under review, profit attributable to equity holders of the Company was HK\$412.0 million (2018: approximately HK\$501.6 million) represented a decrease of 17.9% as compared with last year.

#### **Selling and distribution expenses**

During the period, selling and distribution expenses decreased to HK\$32.5 million (2018: HK\$35.7 million).

#### **Administration expenses**

The administration expenses slightly decreased to HK\$91.9 million (2018: HK\$95.8 million).

#### **Finance costs**

Finance costs consisted of interest expenses on bank loan increased by approximately 79.4% to HK\$6.1 million (2018: HK\$3.4 million) mainly due to increase in interest expense and exchange loss on bank loan.

## Trade receivables and trade payables turnover days

Trade receivables turnover days was 51 days while trade payables turnover day was 52 days.

## Income tax

The Group recorded income tax expense from continuing operations of approximately HK\$56.3 million during the year under review (2018: HK\$87.9 million). The average effective tax rate of the Group was 11.7% which was lower than last year (2018: 14.9%). The reduction in effective tax rate was mainly attributed to (i) lower tax rate due to the tax holiday entitled by the Group's subsidiary in Vietnam; and (ii) the benefit of PRC tax incentives resulted from research and development projects.

## Assets

As at 30 September 2019, the total assets of the Group were HK\$5,015.8 million (31 March 2019: HK\$4,530.2 million) representing an increase of 10.7%. The total assets comprised non-current assets of HK\$1,934.6 million (31 March 2019: HK\$2,001.3 million) and current assets of HK\$3,081.2 million (31 March 2019: HK\$2,528.9 million). Such increase was a result of increase in inventory, accounts receivables, and cash and bank balances.

## Key financial ratios are set out below:

|                                        | For the six months ended |       |
|----------------------------------------|--------------------------|-------|
|                                        | 30 September<br>2019     | 2018  |
| Gross Profit Margin <sup>(1)</sup>     | 17.9%                    | 18.5% |
| Return on Equity <sup>(2)</sup>        | 13.3%                    | 15.2% |
| Interest Coverage Ratio <sup>(3)</sup> | 99.5                     | 174.9 |

### Notes:

- (1) The calculation of Gross Profit Margin is based on gross profit divided by revenue and multiplied by 100%.
- (2) The calculation of Return on Equity is based on profit for the year divided by total equity and multiplied by 100%.
- (3) The calculation of Interest Coverage Ratio is based on profit before interest expenses on bank loans and tax expenses divided by interest expenses on bank loans.

## **Liquidity and financial resources and capital structure**

As at 30 September 2019, the Group was in a net cash position of HK\$336.4 million (31 March 2019: HK\$274.7 million).

The Group's principal source of working capital was cash generated from sales of its products, supplemented with bank borrowings and a shareholder's loan contributed by our joint venture partner for the Vietnam subsidiary.

As at 30 September 2019, the Group had total cash and bank balances of HK\$984.9 million (31 March 2019: HK\$720.9 million) comprising HK\$197.6 million, the equivalent of HK\$665.5 million denominated in US\$, the equivalent of HK\$120.9 million denominated in RMB, the equivalent of HK\$0.3 million denominated in VND and the equivalent of HK\$0.6 million denominated in other currencies. The cash and bank balances and time deposits were to finance the Group's working capital and capital expenditure plans.

The Group had bank loans of HK\$502.4 million (31 March 2019: HK\$300 million) and shareholder's loan of HK\$146.1 million (31 March 2019: HK\$146.2 million) contributed by our joint venture partner to the Vietnam subsidiary. The said shareholder's loan was of equity nature and was not repayable within one year. The Group did not pledge any of its assets for bank borrowing (31 March 2019: Nil).

For the period ended 30 September 2019, the Group's total assets amounted to HK\$5,015.8 million (31 March 2019: HK\$4,530.2 million) representing an increase of 10.7%. Non-current assets and current assets were HK\$1,934.6 million and HK\$3,081.2 million respectively. The above assets were financed by current liabilities of HK\$1,603.6 million, non-current liabilities of HK\$215.1 million and equity attributable to Shareholders of HK\$3,193.5 million.

## **Capital expenditure and capital commitment**

The Group had been adopting cautious measures and fine-tuned its capital expenditure in response to the market demand. During the period under review, total capital expenditure decreased by 0.8% to HK\$95.7 million (2018: HK\$96.5 million) which was mainly used to purchase machinery and to finance the environmental protection projects of Panyu factory and Vietnam factory.

Details of the capital commitments are set out in note 11 to the financial information of this announcement.

## Key liquidity or leverage ratios:

|                                     | As at 30 September<br>2019 | As at 31 March<br>2019 |
|-------------------------------------|----------------------------|------------------------|
| Current Ratio <sup>(4)</sup>        | 1.9                        | 2.4                    |
| Quick Ratio <sup>(5)</sup>          | 1.3                        | 1.5                    |
| Gearing Ratio <sup>(6)</sup>        | 20.7%                      | 14.3%                  |
| Debt to Equity Ratio <sup>(7)</sup> | 56.9%                      | 38.6%                  |

### Notes:

- (4) The calculation of Current Ratio is based on current assets divided by current liabilities.
- (5) The calculation of Quick Ratio is based on current assets minus inventories divided by current liabilities.
- (6) The calculation of Gearing Ratio is based on total borrowings and bills payable divided by total equity multiplied by 100%.
- (7) The calculation of Debt to Equity Ratio is based on total liabilities divided by total equity multiplied by 100%.

## Risk Management on Foreign Exchange and Interest Exposure

The Group had been exposed to foreign exchange risk arising from various currency exposures with respect to the US Dollars, Renminbi and Vietnamese Dongs primarily. The Group managed its foreign exchange risks by performing regular review and monitoring its foreign exchange exposures. The Group would hedge against certain of its exposures in order to reduce the risk involved as appropriate.

The Group mainly operated in Hong Kong, PRC, Macau and Vietnam. Except for certain cash and bank balances and certain inter-company receivables denominated in foreign currencies, transactions were generally conducted in a functional currency of the respective group entity. The foreign currency risk arising from recognised assets and liabilities was considered by the Directors to be minimal.

The Group had been using forward foreign currency contracts to hedge part of its foreign exchange risk. These forward foreign currency contracts did not qualify for hedge accounting and were accounted for at fair value through profit or loss.

**Pledge of Assets**

No assets were pledged to obtain financing as at 31 March 2019 and 30 September 2019 respectively.

**Segmental Information**

Details of segmental information are set out in note 3 to the interim financial information.

**Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

There was no material acquisition or disposal of the Company's subsidiaries, associates and joint ventures during the six months ended 30 September 2019.

**Contingent Liabilities**

As at 30 September 2019, the Group had no material contingent liabilities (31 March 2019: Nil).

**Events Subsequent to the Period**

Save as disclosed in this announcement, there was no significant event undertaken by the Company or by the Group after 30 September 2019 and up to the date of this announcement.

**Employees and Remuneration Policies**

As at 30 September 2019, the Group had 5,295 full-time employees (31 March 2019: 5,688). There was no significant change in the Group's remuneration policy. The Group's remuneration package for its employees included salary, bonuses, allowances and retirement benefits based on the performance, skills and knowledge of each employee. The Group also provided additional benefits to its employees, for instances subsidized accommodation and meals for those working in production facilities, accident and medical insurance, etc.

The Group will continue to provide regular trainings and competitive remuneration package to the employees in order to enhance their incentive and motivation to work.

## **Prospect and Outlook**

The first half financial performance of the Group was affected by the drop in overall sales. Combined with the effect of lower average sales price (as compared with last period) and the increase of minority interest (attributed by profit making unit generated by the non-wholly owned subsidiary), the net profit attributable to equity holders of the Company for the period under review has recorded a decrease of 17.9%.

The sales of cold resistant fabrics during the period under review recorded a decline of more than 20%. Number of sales orders on this product line have decreased, mainly because the relevant customer has adjusted downward the production volume of thermal innerwear so as to balance the overstocked inventory resulted from previous warm winter. The relatively warm weather may continue in the coming winter which could hinder the growth of sales for the second half financial result of the Group generated by the relevant product line, however, as the sales for fabrics for sportswear has been increasing, the Group expects that the customers' demand for these products is on the rising trend.

To take advantage of this trend, the Group is developing more new business in the sportswear sector, both in the mainland China market as well as overseas. During the period under review, the sales generated from fabrics for sportswear grew by more than 30% from corresponding period of last year. With high quality production technique, the Group has been in commercial discussion with certain international sports brands to fulfill their needs for high quality fabrics. The sales of fabrics for sportswear has contributed about 11% of the total sales (8% in corresponding period of last year), the management expected that the sales in these types of products will grow progressively.

The Group is planning to increase its productivity in Vietnam by acquiring new plot of land for establishing another factory. As at the date of this announcement, the negotiation with a land owner for a production site in Vietnam is in progress.

The global economic growth is expected to be sluggish in the coming few months, the trade and geopolitical tensions, and the seemingly subdued consumer sentiment are affecting the overall business environment. Facing the challenge ahead, the Group shall continue to increase efficiency by wider use of technology and machinery in order to achieve production cost saving. While the short term financial performance may be affected by the uncertain economic factors, the management remains optimistic to the business future, and is prepared to increase its production capacity for long term benefit.



## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **INTERIM DIVIDEND**

The Board has declared an interim dividend of HK26 cents per Share (2018: HK32 cents per Share) for the six months ended 30 September 2019. The interim dividend will be paid on 18 December 2019 to Shareholders whose names appear on the Register of Members of the Company at the close of business on 10 December 2019.

### **CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from 6 December 2019 to 10 December 2019 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to qualify for the interim dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 5 December 2019.

### **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

During the six months ended 30 September 2019, the Company repurchased a total of 1,964,000 Shares on the Stock Exchange at an aggregate consideration of (excluding expenses) HK\$10,167,610. Among those repurchased shares, 1,300,000 Shares were cancelled during the six months ended 30 September 2019, and 664,000 Shares were subsequently cancelled on 28 October 2019. The issued share capital of the Company was reduced by the par value thereof. Details of the repurchases of shares were as follows:

| <b>Month of repurchase</b> | <b>Number of Shares repurchased</b> | <b>Price per Share</b> |               | <b>Aggregate consideration (excluding expenses)</b> |
|----------------------------|-------------------------------------|------------------------|---------------|-----------------------------------------------------|
|                            |                                     | <b>Highest</b>         | <b>Lowest</b> |                                                     |
|                            |                                     | <i>HK\$</i>            | <i>HK\$</i>   | <i>HK\$</i>                                         |
| August 2019                | 1,300,000                           | 5.20                   | 5.08          | 6,676,370                                           |
| September 2019             | 664,000                             | 5.30                   | 5.19          | 3,491,240                                           |

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY (cont'd)**

Subsequent to the end of the reporting period and up to the date of this announcement, the Company has repurchased a total of 132,000 Shares on the Stock Exchange at an aggregate consideration of (excluding expenses) of HK\$677,100. Such repurchased shares were subsequently cancelled on 28 October 2019. The issued share capital of the Company was reduced by the par value thereof. Details of the repurchased after the end of the reporting period are as follows:

| <b>Month of repurchase</b> | <b>Number of Shares repurchased</b> | <b>Price per Share</b>  |                        | <b>Aggregate consideration (excluding expenses)<br/>HK\$</b> |
|----------------------------|-------------------------------------|-------------------------|------------------------|--------------------------------------------------------------|
|                            |                                     | <b>Highest<br/>HK\$</b> | <b>Lowest<br/>HK\$</b> |                                                              |
| October 2019               | 132,000                             | 5.15                    | 5.10                   | 677,100                                                      |

The repurchase of shares was made by the Directors, pursuant to the general mandate granted by the Shareholders at the annual general meeting held on 8 August 2019 with a view to benefiting shareholders as a whole by enhancing the net asset value per share and earnings per share.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 September 2019 and up to the date of this announcement.

## **CORPORATE GOVERNANCE**

The Company had complied with the applicable code provisions and certain recommended best practices set out in the CG Code contained in Appendix 14 to the Listing Rules where suitable to the Company so as to enhance the corporate governance standard of the Company throughout the period for the six months ended 30 September 2019.

During the period under review, Mr. Wan Wai Loi served as Chairman of the Board and the Chief Executive Officer of the Company, hence the Company did not comply with the code provision A.2.1 of the CG Code which requires that the roles of chairman and chief executive should be separate and should not be performed by the same individual. While the dual role arrangement has provided strong and consistent leadership and facilitated the implementation of the Group's business strategies, the Company will nevertheless review the structure from time to time in light of the prevailing circumstance.

## **CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the standard of Model Code as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by the Directors. Having made specific enquiries of all Directors, all current Directors confirmed that they had complied with the required standard set out in such Code throughout the period for the six months ended 30 September 2019.

## **PUBLICATION OF FINANCIAL INFORMATION**

This interim results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.pacific-textiles.com](http://www.pacific-textiles.com)). The Interim Report of the Company for the six months ended 30 September 2019 will be dispatched to the Company's Shareholders and will be available on the above websites in due course.

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

Hong Kong, 21 November 2019

*As at the date of this announcement, the Executive Directors are Mr. WAN Wai Loi, Mr. Masaru OKUTOMI, Mr. TOU Kit Vai and Mr. Toshiya ISHII; the Non-executive Director is Mr. LAU Yiu Tong; 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*

## GLOSSARY

In this announcement (other than the Interim Financial Information), unless the context otherwise requires, the following expressions shall have the following meanings:

|                                               |                                                                                                                                                                    |
|-----------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Articles”                                    | The Articles of Association of the Company, as amended from time to time                                                                                           |
| “Board”                                       | The Board of Directors of the Company                                                                                                                              |
| “CG Code” or “Corporate Governance Code”      | The Corporate Governance Code, stated in the Appendix 14 to the Main Board Listing Rules                                                                           |
| “China” or “PRC”                              | The People’s Republic of China                                                                                                                                     |
| “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 |
| “Director(s)”                                 | The Director(s) of the Company                                                                                                                                     |
| “Group”                                       | The Company and its subsidiaries                                                                                                                                   |
| “HKD” or “\$” or “HK\$”                       | Hong Kong Dollar                                                                                                                                                   |
| “HKSAR” or “Hong Kong”                        | Hong Kong Special Administrative Region of the People’s Republic of China                                                                                          |
| “INED(s)”                                     | The Independent Non-executive Director(s) of the Company                                                                                                           |
| “Listing Rules” or “Main Board Listing Rules” | The Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time                                                                  |
| “LKR” or “RS”                                 | Sri Lankan Rupee                                                                                                                                                   |
| “Model Code”                                  | Model Code for Securities Transactions by Directors of Listed Issuers, Appendix 10 to the Main Board Listing Rules                                                 |
| “Panyu Plant”                                 | the factory run by Pacific (Panyu) Textiles Limited located in Nansha of Guangzhou City, the PRC                                                                   |
| “RMB” or “CNY”                                | “Renminbi/Chinese Yuan”                                                                                                                                            |
| “SFO”                                         | Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)                                                                                            |
| “Shares”                                      | Shares of the Company, with a nominal value of HK\$0.001 each                                                                                                      |

|                       |                                                                                                                                                                                                                                                         |
|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Shareholder(s)”      | The Company’s Shareholder(s)                                                                                                                                                                                                                            |
| “Share Option Scheme” | The Share Option Scheme adopted by the Company pursuant to the written resolutions of Shareholders passed on 27 April 2007, and expired on 17 May 2017                                                                                                  |
| “Stock Exchange”      | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                                 |
| “Teejay Lanka PLC”    | Teejay Lanka PLC (formerly known as Textured Jersey Lanka PLC and Textured Jersey Lanka (Private) Limited), a limited liability company incorporated under the laws of Sri Lanka and whose shares are listed on the Colombo Stock Exchange of Sri Lanka |
| “Toray”               | Toray Industries, Inc., a company incorporated under the laws of Japan and whose shares are listed on the Tokyo Stock Exchange in Japan, a substantial Shareholder of the Company                                                                       |
| “USD” or “US\$”       | United States Dollar                                                                                                                                                                                                                                    |
| “VND”                 | Vietnamese Dong                                                                                                                                                                                                                                         |