



PACIFIC TEXTILES HOLDINGS LIMITED
互太紡織控股有限公司

Pacific Textiles Announces 2008/2009 Annual Results

***Achieved growth in sales volume and ASP amid challenging environment
Well-positioned to increase market share with strengthened cash position***

Financial Highlights

(HK\$ million)	Year ended 31 March		Change (%)
	FY2009	FY2008	
Revenue	4,734.8	4,280.6	+10.6%
Gross profit	687.0	696.9	-1.42%
Profit attributable to equity holders	376.5	392.1	-3.97%
Net cash inflow before financing activities	655.5	301.9	+117.1%

Hong Kong, 17 July 2009 – **Pacific Textiles Holdings Limited** (“Pacific Textiles” or “the Group”; HKEx Stock Code: 1382), a leading manufacturer of knitted fabrics, today announced its annual results for the year ended 31 March 2009.

During the year under review, the textile industry was faced with unprecedented challenges brought about by the global economic downturn. However, a weaker market environment has sped up industry consolidation and orders were switched to more established industry players. Sales volume of the Group was up 1.4% year on year to 157.2 million pounds. Revenue grew 10.6% to HK\$4,734.8 million. Earnings per share were HK\$0.26 (2008: HK\$0.28).

Gross profit and profit attributable to equity holders dropped slightly to HK\$687.0 million and HK\$376.5 million, respectively, due to high production costs resulting from surging crude oil and commodity prices in the first half of the year under review. The combination of inflationary pressures in China and the appreciation of Renminbi have pushed cost of sales higher as a percentage of revenue to 85.5% from 83.7% a year earlier. Nevertheless, value-added products and well-established client relationships enabled the Group to raise its blended average selling price (“ASP”) by about 9.1% to HK\$30.1 per pound during the year (2008: HK\$27.6 per pound), partly offsetting the impact of higher costs.

The Board of Directors of the Group has recommended a final dividend of HK12.0 cents per share. Together with the interim dividend of HK3.0 cents per share, total dividend for the 2009 financial year amounted to HK15.0 cents per share.

“The fact that we were able to achieve growth in both sales volume and average selling price during an extraordinarily challenging year demonstrates the resilience of our diversified business strategy. We believe the current consolidation of the industry represents major expansion opportunities for the more established and competitive players. To capture these opportunities, we have actively expanded our geographical market reach to Japan and China to increase our competitiveness in the two markets,” said Mr. Wan Wai Loi, Chairman of Pacific Textiles.

During the year, the Group had successfully expanded its geographical reach in the Asian markets, further strengthening its presence in growth markets outside of the US. Sales in Japan and China registered satisfactory growth. The Group will focus its efforts in developing the Chinese market in particular as the rising status of the country’s domestic brands and their growing appetite for quality

fabrics are expected to spur growth in the domestic market further.

In November 2008, the Group formed a joint venture in Singapore with Fast Retailing Co., Ltd., the holding company of UNIQLO Japan, Crystal International Limited and Trendit Corporation, to jointly set up fabric and garment production facilities in Bangladesh. The facilities are expected to commence operation by 2011. This strategic move will enable the Group to further expand its presence in the Japan and EU markets where there are no tariff or quota restrictions on Bangladeshi exports, while production costs are relatively low in that country.

In a bid to enhance the Group's cost competitiveness in the long run, cost efficient and environmentally friendly production technologies have been adopted. The Group has completed the improvement works at its Panyu plant and upgraded its critical supporting infrastructure such as water treatment facilities, a new water recycling plant and a power plant with a desulfurizer. In May 2009, its Panyu plant was accredited as Environmentally Trustworthy Enterprise - Green Label (環保誠信企業-綠牌標示) in the China Environmental Labelling Programme (中國環境標誌計劃) launched by National Environmental Protection Bureau (國家環保總局). The Group has also participated in the Cleaner Production Partnership Programmes organized by Hong Kong Productivity Council. In April 2009, its Panyu plant was among the first to be awarded as Cleaner Production Corporation (清潔生產企業) by Economic and Trade Commission of Guangdong Province (廣東省經濟貿易委員會) and Guangdong Bureau of Science and Technology (廣東省科學技術廳).

"At Pacific Textiles, we are committed to achieving best practices as a responsible corporate citizen. The Cleaner Production Corporation award serves as a reminder for all of us to continue to dedicate our efforts in promoting high standards in environmental protection and sustainability initiatives," said Mr. Wan.

During the year, expansion works at the Sri Lankan plant were completed, contributing a significant part of the growth in sales volume for the Group and further strengthening its presence in the EU market.

Looking ahead, Mr. Wan commented, "There are signs that the global economy is gradually recovering. Against this backdrop, we believe the current industry consolidation will present Pacific Textiles with opportunities to increase its share of the market, backed by our competitive edge and growth strategy. In the year ahead, we will continue to purchase new machinery and upgrade our facilities where appropriate, with a view to expanding our production capacity as well as improving our operational efficiency. The expansion will help lay a more solid foundation for our long term development and enable us to capture opportunities when the market recovers."

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About Pacific Textiles Holdings Limited

Pacific Textiles is a leading manufacturer of knitted fabrics, with a focus on complex and value-added fabrics that are used in a broad range of garments. It also offers warp and weft knitting along with printing services. In 2007, Pacific Textiles diversified into non-apparel products through SPM Automotive to manufacture automotive fabrics. Currently, the Group's production plants are located in Panyu, China and Avissawella, Sri Lanka. In November 2008, the Group established a joint venture in Singapore with Fast Retailing Co., Ltd., the holding company of UNIQLO Japan, Crystal International Limited and Trendit Corporation, to jointly set up fabric and garment production facilities in Bangladesh. The Company was listed on the Hong Kong Stock Exchange on 18 May 2007.

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Condensed Consolidated Income Statement
For the year ended 31 March 2009

	2009	2008
	HK\$'000	HK\$'000
Revenue	4,734,816	4,280,646
Cost of sales	(4,047,859)	(3,583,759)
Gross profit	686,957	696,887
Other revenue	58,525	57,781
Other gains – net	1,027	50,712
Distribution and selling expenses	(149,850)	(181,020)
General and administration expenses	(170,580)	(170,901)
Operating profit	426,079	453,459
Finance income	16,584	44,351
Finance costs	(14,767)	(33,283)
Share of profit of associates	1,423	886
Profit before income tax	429,319	465,413
Income tax expense	(48,713)	(68,599)
Profit for the year	380,606	396,814
Attributable to:		
Equity holders of the Company	376,515	392,093
Minority interests	4,091	4,721
	380,606	396,814
Earnings per share for profit attributable to the equity holders of the Company basic and diluted (HK\$)	0.26	0.28
Total dividend per share	15 cents	14 cents