



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

Pacific Textiles Announces 2009/2010 Interim Results

***Operating profit and profit attributable to equity holders doubled amid
challenging environment***

Average selling price achieved remained stable despite strong pricing pressure

Financial Highlights

(HK\$ million)	Six months ended 30 September		<u>Change (%)</u>
	<u>2009</u> <u>(Unaudited)</u>	<u>2008</u> <u>(Unaudited)</u>	
Revenue	3,032.9	2,551.6	+18.9%
Gross profit	616.3	338.5	+82.1%
Operating profit	473.1	201.8	+134.4%
Profit attributable to equity holders	388.5	181.8	+113.7%

Hong Kong, 7 December 2009 – **Pacific Textiles Holdings Limited** (“Pacific Textiles” or “the Group”; HKEx Stock Code: 1382), today announced its interim results for the six months ended 30 September 2009.

In the first half of the 2009/2010 financial year, the global economic downturn has shown signs of easing but the operating environment remained challenging for the textile industry. Nevertheless, the Group was able to record notable improvement in both sales and profitability. Revenue grew 18.9% to HK\$3,032.9 million over the same period last year, mainly driven by strong volume gains. Total sales volume increased by 17.4% to 100.3 million pounds, attributable to the Group’s expanded production capacity, broadened customer base, as well as increased orders from existing clients. The Group also saw a slight growth in average selling price (“ASP”) year-on-year despite strong pricing pressure during the period.

Gross profit jumped 82.1% to HK\$616.3 million in virtue of the Group’s enhanced operational efficiency, effective cost control measures and expanded manufacturing facilities. The drop in commodity prices also helped improve the Group’s gross margin from 13.3% to 20.3% year-on-year. Profit attributable to equity holders of the Group was HK\$388.5 million, which represents a significant increase of 113.7%. Net profit margin rose to 12.8% (2008: 7.1%). Basic earnings per share were HK\$0.27 (2008: HK\$0.13).

The Board of Directors of the Group has declared an interim dividend of HK\$0.13 per share (2008: HK\$0.03) for the six months ended 30 September 2009.

“Thanks to the Group’s enhanced operational efficiency as well as strong financial position, and the industry consolidation which favored more established players, we were able to achieve strong profit growth and better competitive edge despite the challenging business environment as a result of the global financial crisis,” said Mr. Wan Wai Loi, Chairman of Pacific Textiles.

The garment operation and fabric production of the Bangladesh joint venture, which was established in November 2008, are expected to commence in early 2010 and 2011 respectively. Capitalizing on Bangladesh's access to European markets and Japan with no tariffs and quota barriers and its cost effective production capacity and low operating costs, the Group's management believes this initiative will allow the Group to further penetrate into the burgeoning Japan market and extend its presence in other markets.

During the period under review, the Group continued its efforts in expanding its production capacity to meet demand and optimize the utilization of its facilities. Despite the unfavorable market conditions, overall capacity increased slightly over 10% year-on-year, with utilization rate further improved to more than 90%. With the expansion at the plant in Sri Lanka completed in 2008, the Group was able to take full advantage of the increased capacity during the reviewing period. The Group also continued to improve its operational efficiency through technological reform and constant upgrades of equipment. Critical supporting facilities upgraded or installed at the production plant in Panyu include dyeing machines, power plant, water treatment facilities and a new water recycling plant, to enhance efficiency, allowing lower production cost and at the same time achieving a more environmental friendly production process.

Apart from developing and implementing technologies and techniques to minimize environmental impact, the Group has actively participated in a wide range of activities to promote environmental best practices. During the reporting period, the Panyu plant was accredited Environmentally Trustworthy Enterprise – Green Label (環保誠信企業－綠牌標示) by Guangdong Environmental Protection Bureau (廣東省環境保護局), and was awarded the Cleaner Production Corporation (清潔生產企業) recognition from the 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).

In addition, the Group was awarded Hang Seng Pearl River Delta Environmental Awards (恆生珠三角環保獎) as well as Hang Seng Pearl River Delta Environmental Category Awards - Air Emissions and Noise Abatement (恆生珠三角環保項目獎－廢氣排放及噪音消滅) jointly issued by the Federation of Hong Kong Industries (香港工業總會) and Hang Seng Bank in 2009, recognizing its efforts in taking steps to enhance its environmental contributions.

“As a major player in the textile industry, we have a special responsibility to continuously improve sustainability practices in order to reduce our industry's impact on the environment and the community,” said Mr. Wan.

Looking ahead, Mr. Wan commented, “We have seen signs of a gradual market recovery and pick up in consumer demand this year. With our solid customer base, enhanced production capacity and our ability to develop niche products of high-value that meet customer demands, the current economic conditions have given us an opportunity to grow our market share and prepare ourselves well to capitalize on the upturn when it comes. Going forward, we are confident that the Group will be able to ride out the current trying operating environment and emerge stronger in the long run.”

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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 Group was awarded the Cleaner Production Corporation (清潔生產企業) recognition from the 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). The Company was listed on the Hong Kong Stock Exchange on 18 May 2007.

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Condensed Consolidated Income Statement
For the six months ended 30 September 2009

	2009	2008
	HK\$'000	HK\$'000
Revenue	3,032,856	2,551,607
Cost of sales	(2,416,521)	(2,213,134)
Gross profit	616,335	338,473
Other revenue	28,419	31,381
Other gains – net	(1,231)	545
Distribution and selling expenses	(87,986)	(78,415)
General and administration expenses	(82,397)	(90,239)
Operating profit	473,140	201,745
Finance income	2,841	7,601
Finance costs	(1,915)	(7,390)
Share of profit of associates	3,041	527
Share of loss of jointly controlled entities	(3,131)	-
Profit before income tax	473,976	202,483
Income tax expense	(77,010)	(21,673)
Profit for the year	396,966	180,810
Attributable to:		
Equity holders of the Company	388,503	181,799
Minority interests	8,463	(989)
	396,966	180,810
Earnings per share for profit attributable to the equity holders of the Company basic and diluted (HK\$)	0.27	0.13
Interim dividend per share	HK 13 cents	HK 3 cents