

For Immediate Release



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

Pacific Textiles Announces FY2007 Annual Results
Turnover and Profit Attributable to Shareholders Achieved
Impressive Double-digit Growth of 25% and 21% Respectively

Around 20% compound annual growth in revenue for the last three years
Continued production capacity expansion in Panyu and Sri Lanka
to meet business demands

Financial Highlights

<i>(HK\$million)</i>	<u>Year ended 31 March</u>		
	<u>FY2007</u>	<u>FY2006</u>	<u>Change (%)</u>
Turnover	4,203.4	3,363.0	+25.0%
Operating profit	686.5	550.0	+24.8%
Profit attributable to equity holders	555.7	458.9	+21.1%

Hong Kong, 9 July 2007 – **Pacific Textiles Holdings Limited** (“Pacific Textiles” or “the Group”; HKEX stock code: 1382), a leading manufacturer of customized knitted fabrics, today announced its annual results for the year ended 31 March 2007 (“FY2007”). This is the first set of results since the Group’s listing in May 2007.

The Group’s competitive edge in manufacturing complex, value-added fabrics and its focus on high margin products have delivered superior margin returns and reinforced its leading position in quality knitted fabric manufacturing sector. In FY2007, the Group recorded revenue of HK\$4,203.4 million, up 25% from HK\$3,363.0 million last year. The increase in revenue was mainly due to the expansion of its production capacity as well as moderate increase in average selling price. Profit attributable to equity holders also increased by 21% to HK\$555.7 million. Net profit margin attributable to equity holders of the Company reached 13.2%.

Sales volume of the Group in the period under review was 154 million pounds (FY2006: 126 million pounds), representing an increase of 22%. During the period under review, the Group closely collaborated with apparel brand owners to design fabrics that meet customized order particulars. It maintained good relationships with owners of leading brands such as Calvin Klein, Liz Claiborne, Maidenform, Marks & Spencer, Triumph, UNIQLO, VF Intimates and Victoria's Secret. The apparel brand owners who use our fabrics in their garments, although not our direct customers, are the principal drivers of our fabric sales. The Group's top five customers accounted for 31.5% (2006: 30.4%) of its revenue for the FY2007. 49.9% (2006: 53.7%) of our overall sales revenue was derived from our top five brand owners in 2007.

Mr. Wan Wai Loi, Executive Director (Chairman of the Board) said, "We are confident about the global textile market, especially in China. With the impending elimination of export quotas on China, we will proactively take advantage of the continuing migration of the garment industry in Asia, particularly in China, to expand our business as well as capture the growing demand of the domestic apparel market."

Business Review

During the reporting period, the Group continued to expand its production volume in both production facilities, namely, Panyu, Guangdong province ("Panyu") and Avissawella, Sri Lanka. The production volume of its principal manufacturing facility in Panyu was 154 million pounds for FY2007, representing a y-o-y increase of 27%. In order to meet customer demand and boost capacity, the Group significantly expanded its infrastructure and supporting equipment at Panyu including expansion of its cogeneration power plant and the completion of the Phase III of our water treatment plant in December 2006 that doubled its water treatment capacity from 20,000 to 40,000 cubic meters per day.

Following the acquisition of Textured Jersey Lanka (Pvt) Limited in late 2004, the Group has successfully doubled the production volume of the plant in Sri Lanka. The production volume in as at the end of March 2007 increased to 11 million pounds. Moreover, as many of brand owner customers of the Group employ garment manufacturers based in Sri Lanka, the production facility in Sri Lanka strengthens the competitive position of the Group through geographic diversification.

During the year under review, the increase in warp knit production boosted the Group's sales volume. The Group has aggressively developed the high-end warp knitted fabrics market, ventured into the non-apparel sector and offered value-added services to customers in order to enhance its competitiveness. In April 2006, the Group established a 50/50 joint venture company, Fillattice-Pacific, with Fillattice S.p.A. to engage in the sales

and marketing of specialty warp-knitted fabric in Asia-Pacific region, allowing the Group with access to new markets and processing know-how.

With a view to deepening the customer relationships and increasing the sales of high value-added fabrics, the Group partnered with Pubblicentro, an Italian design house, to strengthen its capability of print design and digital printing technique, which is important for differentiating the Group from its competitors.

Besides investing in warp knitted fabrics sector, the Group also expand its product offerings to include non-apparel products by establishing a joint venture SPM Automotive with 住江織物株式會社 (Suminoe Textile Co., Ltd.) and 丸紅株式會社 (Marubeni Corporation) in 2005, to manufacture automotive fabrics for Japanese car manufacturers in China. The joint venture enables the Group to expand into non-apparel textile manufacturing and learn the best practices of Japanese manufacturing systems.

Business Outlook

We are of the opinion that the safe-guard quotes on manufactured garments in China for the EU markets will be lifted as planned from January 1, 2008 and be a boost China's garment manufacturing sector.

The trend of migrating garment manufacturing and finishing to Asian low-cost countries is on-going, which we believe will boost significantly the demand for higher-end and value-added fabrics.

Looking ahead, the Group will continue to expand its production capability and improve manufacturing efficiency in both Panyu and Sri Lanka facilities to meet the market demand.

Regarding its Panyu facilities, the Group will acquire additional equipment to increase production capacity and upgrade its current IT systems to enhance manufacturing efficiency. A new water recycling plant which will increase water recycling capacity from 10% to 60% upon the commencement of the operation has been completed in June 2007.. In addition, automated warehouses, which will lower ongoing logistics costs, improve distribution efficiency and enhance labor productivity, will also be built. The Group will further expand the production scale through acquisition of adjacent land for construction of new building and production plant.

At the production facilities in Sri Lanka, the Group has commenced an expansion plan with a view to double the production capacity by end of 2007. Two additional pieces of land with a total area of approximately 49,100 square meters have been leased for the expansion.

In addition, the Group will continue to upgrade its production plant and machinery as well as manufacturing technologies to enhance product offerings and production efficiency. All these additions help boost the manufacturing capabilities and operating efficiency of the Group so as to sustain its competitive advantage and future growth.

Meanwhile, the Group also expects to continue its focus on manufacturing premium fabrics which command a higher average selling price. It will leverage on its research and development capabilities for development and introduction of high value-added fabrics and service. Our partnership with Pubblicentro, an Italian design house, will enhance our printing design capability in order to provide value added services to our customers.

The investments in Fillattice-Pacific and SPM Automotive are part of the Group's overall strategy to expand further into the stretch fabric and warp knitted fabric markets, as well as venture into non-apparel textile markets. Looking forward, the Group will evaluate attractive growth opportunity and consider additional strategic joint-ventures in the future should suitable opportunities arise.

Mr. Wan concluded "Following our successful listing on the Main Board of Hong Kong Stock Exchange in May 2007, we have established a strong capital platform which will be conducive to taking our business to the next level. We are positive of the market outlook and our outstanding capability and competitive edge to capitalize growth opportunities ahead."

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**CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31ST MARCH 2007**

	2007 HK\$'000	2006 HK\$'000
Revenue	4,203,357	3,363,029
Cost of sales	(3,281,266)	(2,560,773)
Gross profit	922,091	802,256
Other revenue	39,232	43,079
Distribution and selling expenses	(130,507)	(129,624)
General and administrative expenses	(144,336)	(165,662)
Operating profit	686,480	550,049
Finance income	4,548	5,852
Finance costs	(42,169)	(7,404)
Share of loss of associates	(1,997)	(272)
Profit before income tax	646,862	548,225
Income tax expense	(83,216)	(78,875)
Profit for the year	563,646	469,350
Attributable to:		
Equity holders of the Company	555,698	458,855
Minority interests	7,948	10,495
	563,646	469,350
Dividends	234,000	941,205
Earnings per share – basic and diluted (HK\$ per share)	0.52	0.43

CONSOLIDATED INCOME STATEMENT (Continued)
FOR THE YEAR ENDED 31ST MARCH 2007

	2007 HK\$'000	2006 HK\$'000
ASSETS		
Non-current assets		
Leasehold land and land use rights	22,050	21,775
Property, plant and equipment	1,197,086	917,363
Interest in associates	13,070	10,024
Deferred taxation	3,760	5,300
Available-for-sale financial assets	1,824	1,830
	1,237,790	956,292
Current assets		
Inventories	953,335	689,900
Trade and bills receivables	579,621	560,215
Deposits, prepayments and other receivables	35,391	16,813
Derivative financial instruments	8,618	470
Cash and bank balances	226,156	131,038
	1,803,121	1,398,436
Total assets	3,040,911	2,354,728
EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital	11	11
Reserves	1,440,734	1,044,485
	1,440,745	1,044,496
Minority interests	50,748	42,800
Total equity	1,491,493	1,087,296
LIABILITIES		
Non-current liabilities		
Borrowings	415,773	469,686
Finance lease obligations	814	232
	416,587	469,918
Current liabilities		
Trade and bills payables	464,574	419,279
Accruals and other payables	140,806	92,076
Borrowings	513,628	247,874
Finance lease obligations	3,090	267
Derivative financial instruments	234	489
Current income tax liabilities	10,499	37,529
	1,132,831	797,514
Total liabilities	1,549,418	1,267,432
Total equity and liabilities	3,040,911	2,354,728
Net current assets	670,290	600,922
Total assets less current liabilities	1,908,080	1,557,214