



Pacific Textiles Announces 2008 Interim Results

***Increased revenue and average selling price despite challenging market
Well-positioned to grow in a consolidating market with strong financial position &
competitive product mix***

Financial Highlights

| | <u>Six months ended 30 September</u> | | |
|---------------------------------------|--------------------------------------|-------------|-------------------|
| <i>(HK\$million)</i> | <u>2008</u> | <u>2007</u> | <u>Change (%)</u> |
| Revenue | 2,551.6 | 2,305.3 | 10.7 |
| Gross profit | 338.5 | 438.4 | (22.8) |
| Profit attributable to equity holders | 181.8 | 263.7 | (31.1) |
| Net cash | 598.5 | 504.4* | 18.7 |

*As of 31 March 2008

Hong Kong, 19 December 2008 – **Pacific Textiles Holdings Limited** (“Pacific Textiles” or “the Group”; HKEX stock code: 1382), a leading manufacturer of customized knitted fabrics, today announced its interim results for the six months ended 30 September 2008.

Revenue increased 10.7% to HK\$2,551.6 million compared to the corresponding period last year, thanks to the Group’s ability to increase blended average selling price by 6% and the expanded capacity in its Sri Lanka production facility. Total sales volume increased 4.4% to 85.4 million pounds.

Gross profit was HK\$338.5 million, a decrease of 22.8% from the corresponding period of last year. Surging crude oil and other commodity prices have raised the costs of yarn and other raw materials used in our production process. Along with inflation in China and appreciation of the Renminbi, the Group’s cost of sales as a percentage of revenue increased to 86.7% from 81% year on year.

The Group managed to reduce its distribution and selling expenses by 13.8% through effective cost control measures. Nonetheless, net profit was down 31.1% to HK\$181.8 million from the corresponding period last year. Basic earnings per share was HK13 cents (2007: HK20 cents). The Board of Directors of the company has proposed an interim dividend of HK3 cents per share for the six months ended 30 September 2008.

“We were able to achieve growth and maintain business growth momentum amid the slowdown in global economy. Our established customer base and niche product offerings at the high-end, together with our value-added fabric production capacity allow us to stay competitive,” said Mr. Wan Wai Loi, Chairman of Pacific Textiles.

During the period under review, the Group continued to diversify its geographical reach to reduce its reliance on the US market, with fabrics bound to the US market reduced to less than 65% during the period under review from more than 70% for the corresponding period last year. Sales to Japan accounted for about 17.5% of the total revenue. The Group also expanded its sales operation in China which holds huge potential.

The Group’s Panyu plant has completed the upgrading of critical supporting facilities such as water treatment facilities and other infrastructures during the period, and is well ready for future capacity expansion. Moreover, in November 2008, the Panyu plant was recognized by the expert team and representatives from various environmental protection authorities, led by the Guangzhou Economic Committee (廣州市經濟貿易委員會), Guangzhou Environmental Protection Bureau (廣州市環境保護局) as well as the Guangzhou Science and Technology Bureau (廣州市科學技術局) in attaining the cleaner production standard (清潔生產一級技術指標), which further sharpened our competitive edge in the vigorous industry consolidation. In addition, expansion plans at the Group’s Sri Lanka plant was completed with production capacity doubled and production volume increased during the period under review.

Commenting on the market outlook, Mr. Wan said, “We expect the near term operating environment to be uncertain and volatile, with the continued slowdown of the global economy. This will exert more pressure on the industry to result in further consolidation. To capitalize on this opportunity, we will continue to streamline our operation and impose stringent cost control to boost efficiency. With our strong financial position, we are well-placed to explore expansion opportunities and increase our market share in the current economic downturn.”

Pacific Textiles continued to maintain a strong financial position. As of 30 September 2008, the Group was in a net cash position of HK\$598.5 million, an increase of 18.7% comparing to the financial year ended 31 March 2008.

“The Group will remain prudent in its capital expenditure plans. We will actively explore potential production sites both outside and within China for long-term development. The new production plants in Bangladesh we announced recently to be established with our partners will enhance our competitive position through geographic diversification, and allow us to further expand into Japan market,” added Mr. Wan.

In November 2008, the Group established a joint venture with Fast Retailing Co., Ltd., the holding company of UNIQLO Japan, Crystal International Limited and Trendit Corporation to jointly invest US\$80 million to set up fabric and garment production facilities in Bangladesh. It is expected that the facilities will commence operation by 2010.

About Pacific Textiles Holdings Limited

Pacific Textiles is a leading manufacturer of customized 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. 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 2008

| Unaudited | | |
|--|------------------|------------------|
| Six months ended 30 September | | |
| | 2008 | 2007 |
| | HK\$'000 | HK\$'000 |
| Revenue | 2,551,607 | 2,305,298 |
| Cost of Sales | (2,213,134) | (1,866,892) |
| Gross Profit | 338,473 | 438,406 |
| Other Revenue | 31,381 | 30,566 |
| Other gains – net | 545 | 7,434 |
| Distribution and selling expenses | (78,415) | (90,971) |
| General and administration expenses | (90,239) | (86,007) |
| Operating Profit | 201,745 | 299,428 |
| Finance income | 7,601 | 24,754 |
| Finance costs | (7,390) | (17,782) |
| Share of (profit) / loss of associates | 527 | (465) |
| Profit before income tax | 202,483 | 305,935 |
| Income tax expense | (21,673) | (38,870) |
| Profit for the period | 180,810 | 267,065 |
| Attributable to: | | |
| Equity holders of the Company | 181,799 | 263,663 |
| Minority interests | (989) | 3,402 |
| | 180,810 | 267,065 |
| Earnings per share for profit attributable to the equity holders of the Company basic and diluted (HK\$) | 0.13 | 0.20 |
| Dividends | 42,988 | 873,140 |