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

(incorporated in the Cayman Islands with limited liability)

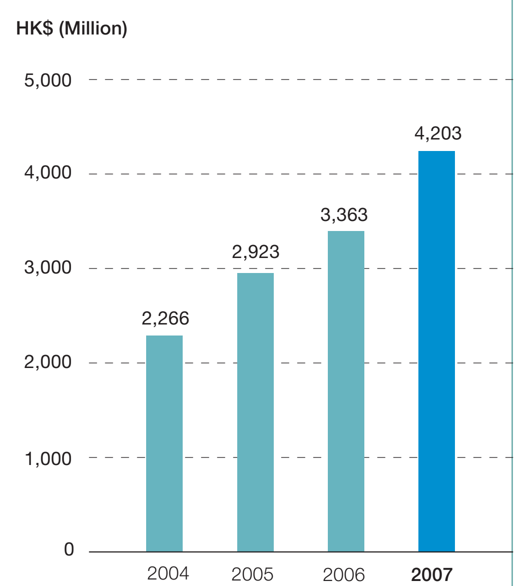
(Stock Code: 1382)

ANNUAL RESULTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED MARCH 31, 2007

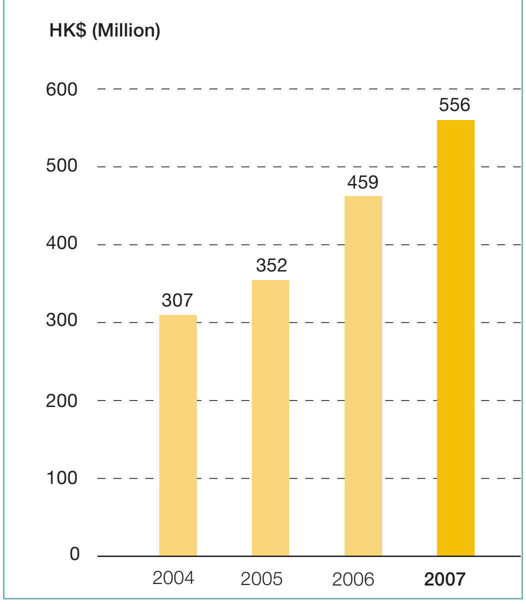
FINANCIAL HIGHLIGHTS

	Year ended March 31, 2007 HK$ Million	Year ended March 31, 2006 HK$ Million	Change
Revenue	**4,203.4**	3,363.0	+25.0%
Gross Profit	**922.1**	802.3	+14.9%
Profit Attributable to Equity Holders of the Company	**555.7**	458.9	+21.1%
Net Profit Margin attributable to Equity Holders of the Company	**13.2%**	13.6%	-2.9%
Equity Attributable to Equity Holders of the Company	**1,440.7**	1,044.5	+37.9%
Basic Earnings per Share (HK$)	**0.52**	0.43	+20.9%
Current Ratio	**1.6**	1.8	
Debt/Equity Ratio	**47.4%**	54.0%	

Revenue



Profit Attributable to Equity Holders



CHAIRMAN'S STATEMENT

Dear Shareholders,

I take pride and pleasure in presenting to our shareholders the first results announcement of Pacific Textiles Holdings Limited (the "Company") and its subsidiaries (the "Group") since its listing on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on May 18, 2007.

2006/2007 was a remarkable year of the Group where we have seen tremendous demand and growth. Leveraging on years of successful business achievements and long term growth, the Group was successfully listed and gained a platform for further sustainable expansion. The listing enhances the Group's corporate image and reputation and strengthens our capital resources and shareholding structure.

Results Summary

During the year under review, revenue of the Group increased 25.0% to HK$4,203.4 million, as compared to the last financial year. Gross profit of the Group also achieved a strong increase of 14.9% year-on-year to HK$922.1 million. Profit attributable to equity holders amounted to HK$555.7 million, representing an increase of 21.1% as compared to the last financial year. Earnings per share were HK$0.52 for the financial year under review, compared to HK$0.43 in the last financial year.

The Group is facing both opportunities and challenges in the market and the current business climate in China.

We are of the opinion that the safe-guard quotas on manufactured garments in China for the EU markets will be lifted as planned from January 1, 2008, further lifting 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.

Outlook

Over the last several years, the Group has strategically planned to take on these opportunities by investing in infrastructure, further enhancing our efficient process technologies and higher quality assurance. Over the next several years, we plan to:

- Increase the production capacity of our Panyu and Sri Lanka operations.

- Increase our sales and market presence in domestic China market in both apparel textiles and automotive textiles.

- Continue expanding our warp knit production, particularly in the swimwear sector in order to maintain our uniqueness in being the only sizable warp knit fabrics producer with printing capability in the region.

- Continue enhancing our printing design capability and printing capacity in order to provide value added services to our customers which will in turn improve our margin.

We remain vigilant and mindful of the challenges faced by the overall manufacturing industries in China. These challenges include the possible continuing appreciation of the Renminbi, potential rising labour costs, changes on the tax system and further reduction on the export tax rebate.

Directors are confident that through our continued effort in energy savings, efficiency improvements and better human resource management, the Group can successfully mitigate the impact of these challenges.

The future holds amazing potential for the Group. With the continuing strong growth in the domestic market and the increasing international demand for garments manufactured in China, China is fast becoming the fabric production base. Facing enormous opportunities, we are confident that we will be able to capture the market with our premium customer base, our unique positioning with value-added products and services as well as our highly efficient operations. We are confident that Pacific Textiles is poised for strong future growth.

Following our successful listing on the Main Board of the 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.

Appreciation

I would like to close by offering a special note of thanks to our employees whose dedication and passion for excellence these past years have fueled the success we enjoy today, setting a great foundation to achieve the goals we have set ourselves for tomorrow.

Wan Wai Loi

Chairman

July 9, 2007

Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

During the period under review, the Group achieved remarkable growth, continuing its trend of approximately 20% compound annual growth in revenue for the last three years. For the year ended March 31, 2007 (the "2007 Financial Year"), the Group recorded revenue of HK$4,203.4 million, up 25.0% from HK$3,363.0 million in the previous financial year. The Group's profit attributable to the equity holders increased by 21.1% to HK$555.7 million, or an increase of HK$96.8 million over the HK$458.9 million in the 2006 Financial Year. Net profit margin attributable to equity holders of the Company for the 2007 Financial Year was 13.2%. Our competitive edge in manufacturing complex, value-added fabrics and our focus on higher margin products such as warp knitted products, maintaining a premium customer base as well as operating efficiency have delivered superior margin returns and reinforced our leading position in the quality knitted fabric manufacturing sector.

The management of the Group is confident about the global textile market, especially in China. Total textiles and clothing exported from China increased by 25% in 2006, according to the World Trade Organisation. With the impending elimination of export quotas on China in 2008, the Group will proactively take advantage of the continuing migration of the garment industry to Asia, particularly to China, by expanding our business as well as by capturing the growing demand of the domestic apparel market.

The sales volume for the 2007 Financial Year was 154 million pounds (2006: 126 million pounds), an increase of 22%. We successfully maintain our close collaboration with apparel brand owners to design fabrics that meet customized-order preferences and maintain 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. Our top five customers accounted for 31.5% (2006: 30.4%) of the Group's revenue for the 2007 Financial Year. 49.9% (2006: 53.7%) of our overall sales revenue was derived from our top five brand owners in 2007.

Expanding our Production Capacity

Panyu, Guangdong

Our outstanding financial performance was attributable to both organic and inorganic growth. We have continued to expand production capacity in both our production plants in Panyu, Guangdong province and Avissawella, Sri Lanka. The production volume of our Panyu facility, our principal manufacturing facility, was 154 million pounds, representing an increase of 27% over last financial year. In order to meet customer demand and boost capacity, we will continue to expand our infrastructure and supporting structures significantly at our Panyu facility. The Group completed expansion of the Phase IV of its cogeneration power plant for our Panyu facility in March 2007 which increased our energy capacity by 58% from 26 megawatts to 41 megawatts. The completion of the Phase III of our water treatment plant in December 2006 has doubled our water treatment capacity from 20,000 to 40,000 cubic meters per day. To enable better use of water resources, the Group has commenced the building of a new water recycling plant in the 2007 Financial Year. The construction of the new water recycling plant has been completed in June 2007. The new plant will increase water recycling from 10% to 60% upon the commencement of the operation.

The Group will continue to invest heavily in capital expenditures to expand our production capacity and improve manufacturing efficiency. Our capital investment plan for our Panyu facility includes building automated warehouses, upgrading production equipment and ERP systems, constructing Phase V of our power plant and Phase IV of our water treatment facility, acquiring additional land adjacent to the existing production site and adding new equipment. In addition, we will continue to upgrade our production equipment as well as manufacturing technologies to enhance our product offerings and raise production efficiency. These new developments will help boost our manufacturing capabilities and operating efficiency so as to sustain our competitive advantage and future growth.

Sri Lanka

Sri Lanka is an important location for garment manufacturing as it benefits from attractive trade arrangements with the European Union and United States. Moreover, as many of our brand-owner customers employ garment manufacturers based in Sri Lanka, our investment in Textured Jersey Lanka (Private) Limited ("PT Sri Lanka") improves our competitive position through geographic diversification and demonstrates our ability to operate effectively in other geographic regions.

Since our acquisition of PT Sri Lanka in late 2004, we have doubled its production volume and have made the company profitable. The production volume for the 2007 Financial Year increased to 11 million pounds. This is testament to our effective management skills and successful geographical diversification to capture additional growth potential. The Group is in the process of further expanding the water treatment and production capacity for PT Sri Lanka. The enhancement plan is targeted to be completed by December 2007 and will further double the production capacity of PT Sri Lanka after completion.

Strategic Partnerships

Besides organic growth, the Group has focused on developing the high-end warp knitted fabrics market, venturing into the non-apparel sector as well as offering value-added services to customers in order to enhance our competitiveness.

During the 2007 Financial Year, the increase in warp knit production also boosted our sales volume. As part of our business strategy, we will continue to develop new knitted fabrics and diversify fabric specifications in order to boost competitiveness.

Fillattice – Pacific

In April 2006, the Group established a 50/50 joint venture company, Fillattice-Pacific Limited ("Fillattice-Pacific"), with our Italian joint venture partner Fillattice S.p.A. to engage in the sales and marketing of specialty warp-knitted fabrics in the Asia-Pacific region. Fillattice S.p.A is a member of Fillattice Group, a leading corporation producing elastomeric fiber, stretch fabrics and covered yarns.

The fabrics marketed by Fillattice-Pacific are manufactured at our Panyu plant as part of the warp knit production, using specific spandex supplied by Fillattice Group. The fabrics are sold to our customers under the Lineltex® label, a trademark owned by Fillattice Group. The strategic alliance provides us with access to new markets and processing know-how while enabling Fillattice S.p.A. to maintain its cost competitiveness.

Pubblicentro

We understand that quality and service are key to differentiating ourselves from competitors. As such, we partnered with Pubblicentro, an Italian design house, and recently began offering printing design services to our customers with a view to deepening our customer relationships and increase our sales of high value-added fabrics. This design service capability also complements the Group's manufacturing strength. This alliance also enables us to advance the print design skills of our employees through training exchanges in Italy, and at the same time gain access to technical advice on digital printing from the design house.

SPM Automotive

Besides investing in the warp knitted fabrics sector, we strategically diversified into non-apparel products by entering into a joint venture agreement in 2005 with 住江織物株式會社 (Suminoe Textile Co., Ltd.) and 丸紅株式會社 (Marubeni Corporation) to manufacture automotive fabrics for Japanese car manufacturers in China. The joint-venture company, SPM Automotive Textile Co., Ltd. ("SPM Automotive") was incorporated in the PRC as a wholly foreign-owned enterprise, with a 55% share owned by Suminoe Textiles Co., Ltd, 33% owned by the Group and the remaining 12% owned by Marubeni Corporation. Suminoe Textile Co., Ltd is a handicraft fabrics manufacturer in Japan that produces specialty fabrics such as automotive fabrics and floor coverings. Our other joint venture partner, Marubenic Corporation, is a leading trading house of industrial and consumer goods in Japan.

As a pioneer in this automotive fabrics sector, we are well-positioned to capture market opportunities, in particular, Japanese car manufacturing facilities in Guangzhou and neighbouring areas that use just-in-time manufacturing systems consistent with our operations. The joint venture with our Japanese partners also allows us to expand into non-apparel textile markets and learn the best practices of Japanese manufacturing systems.

Our investments in Fillattice-Pacific and SPM Automotive are part of our overall strategy to expand further into the stretch fabric and warp knitted fabric markets, as well as to venture into non-apparel textile markets. We will consider additional strategic joint-ventures in the future should suitable opportunities arise.

FINANCIAL REVIEW

We are pleased to announce the Group has maintained satisfactory growth for the 2007 Financial Year. For the year under review, the Group's revenue was HK$4,203.4 million (2006: HK$3,363.0 million), representing an increase of HK$840.4 million, or 25.0%. The increase in revenue was mainly due to the expansion of our production capacity to meet the increasing sales orders from customers and a slight increase in our average selling price.

During the 2007 Financial Year, profit attributable to equity holders increased by HK$96.8 million, or 21.1% to HK$555.7 million (2006: HK$458.9 million). The net profit margin attributable to equity holders of the Company for the 2007 Financial Year was 13.2% (2006: 13.6%). Earnings per share for the 2007 Financial Year increased to HK$0.52 (2006: HK$0.43), represented an increase of 20.9%.

Due to an increase in sales volume, the Group's cost of sales increased 28.1% to HK$3,281.3 million (2006: HK$2,560.8 million) for 2007 Financial Year. During the 2007 Financial Year, the cost of sales increased to 78.1% (2006: 76.1%) of the revenue which was mainly attributable to yarn price increase and change in product mix. More higher-price synthetic yarns were used due to our increased sales of synthetic knitted fabrics including warp knit.

Although cost of sales increased during the 2007 Financial Year, the Group's gross profit recorded an increase of 14.9% to HK$922.1 million (2006: HK$802.3 million) for 2007 Financial Year. Gross profit margin for 2007 Financial Year was 21.9% (2006: 23.9%).

For 2007 Financial Year, the Group's other revenue was HK$39.2 million (2006: HK$43.1 million), representing a decrease of 9.0%. This decrease was principally due to a waiver of a loan by a former shareholder of PT Sri Lanka in the amount of HK$11.5 million in the 2006 Financial Year.

Distribution and selling expenses were HK$130.5 million (2006: HK$129.6 million), representing a slight increase of HK$0.9 million, or 0.7%. The increase, which was significantly lower than our revenue increase, was mainly due to improvements in production scheduling and logistics management and improvement in credit and collection management resulting in the write-back of provisions for bad and doubtful debts.

During the year, general and administrative expenses were HK$144.3 million (2006: HK$165.7 million), representing a decrease of HK$21.4 million or 12.9%. The decrease was mainly due to the write-off of a goodwill of HK$10.4 million and HK$19.0 million loss on disposal of property, plant and equipment mainly due to the demolition of warehouse facilities allocated for construction of production plant in the previous financial year.

For 2007 Financial Year, our operating profit was HK$686.5 million (2006: HK$555.0 million), representing an increase of HK$136.5 million, or 24.8%. This increase in operating profit is principally attributable to higher revenue and success in managing our distribution and selling and general and administrative expenses which was partially offset by higher yarn costs. The operating margin for the 2007 Financial Year was 16.3% (2006: 16.4%).

In the year under review, finance costs were HK$42.2 million (2006: HK$7.4 million), representing an increase of HK$34.8 million or 470.3%. The increase reflects increased level of borrowings and increase in the interest rates.

LIQUIDITY AND FINANCIAL INFORMATION

As at March 31, 2007, we had total bank and cash balances and time deposits of HK$226.2 million (2006: HK$131.0 million), including HK$79.1 million, the equivalent of HK$101.5 million in US currency, the equivalent of HK$41.9 million in Renminbi and the equivalent of HK$3.7 million in other currencies. The bank and cash balances and time deposits are to finance our working capital and part of our capital expenditure plans. Our loans, with the exception of a syndicated loan, are generally short-term, principally ranging from two weeks to three months, and are denominated mainly in Hong Kong and US dollars.

For 2007 Financial Year, the Group's total assets amounted to HK$3,040.9 million (2006: HK$2,354.7 million), representing an increase of 29.1% over the previous year. Total assets included non-current assets of HK$1,237.8 million (2006: HK$956.3 million) and current assets of HK$1,803.1 million (2006: HK$1,398.4 million). The Group has current liabilities of HK$1,132.8 million (2006: HK$797.5 million) and non-current liabilities of HK$416.6 million (2006: HK$469.9 million). Minority interests amounted to HK$50.8 million (2006: HK$42.8 million) and equity attributable to shareholders amounted to HK$1,440.7 million (2006: HK$1,044.5 million). The current ratio was 1.6 (2006: 1.8). The decrease was mainly attributable to increased level of borrowings. The gearing ratio, being the ratio of total debts (including current and non-current borrowings) to total assets was 30.7% (2006: 30.5%). The debt to equity ratio, being the ratio of total borrowings (net bank balances and cash) to shareholders funds (including minority interests) was 47.4% (2006: 54.0%). The decrease was mainly due to the increase in shareholders' equity as resulted from the profits earned during the 2007 Financial Year.

The Group's capital expenditure during the year was HK$432.4 million (2006: HK$272.6 million), which was mainly used to purchase plant and machinery, and construction projects related to the workshop, cogeneration power plant, water treatment plant, water recycling plant and others.

POST FINANCIAL YEAR EVENTS

The Group was successfully listed on the Main Board of the Stock Exchange on May 18, 2007 and raised net proceeds of approximately HK$1,795 million from issuing 358,234,000 shares of HK$0.001 each for cash at a price of HK$5.35 per share. Approximately HK$762 million of the net proceeds was used to repay an existing syndicated loan and other bank loans. The remaining proceeds have been deposited in banks and will be used primarily to fund capital expenditures for the expansion and upgrade of our facilities and operations.

On April 27, 2007, the Company's authorised share capital was increased by HK$4,950,000 by creation of 4,950,000,000 shares of HK$0.001 each. On May 17, 2007, 1,063,954,980 shares of HK$0.001 each were allotted and issued to the then equity holders of the Company in proportion to their respective shareholdings by the capitalisation of HK$1,063,955 from the share premium account as payment in full of par value.

On May 17, 2007, a special dividend of approximately HK$780 million was paid to the then shareholders of the Company in respect of 2007 Financial Year.

In accordance with the share option scheme adopted by the Company on April 27, 2007, the Board on July 9, 2007 approved to grant options to 88 eligible full-time employees on July 18, 2007 to subscribe for a total of 22,820,000 shares of the Company which represent about 1.6% of total issued shares.

EMPLOYEES AND REMUNERATION POLICIES

As at March 31, 2007, we have approximately 6,715 full-time employees, 5,853 of whom are based in China, 680 in Sri Lanka, 171 in Hong Kong and 11 in other regions. The remuneration package of our employees includes salary, bonuses, allowances and retirement benefits. The Group also provides additional benefits to its employees, such as subsidised accommodation and meals for workers at the production facilities, and accident and medical insurance.

USE OF PROCEEDS

The shares of the Company were listed on the Stock Exchange on May 18, 2007 (the "Listing"). The net proceeds from the public offering of approximately HK$1,795 million were received by the Company. The Company intends to use the net proceeds as set out in the Prospectus as follows:

	Amount (HK$ million)
• Repayment of a syndicated loan and other bank loans	762
• Expansion and upgrading the facilities and operations	873
• General working capital	160
	1,795

Since the Listing, the net proceeds from the public offering have been used to repay a syndicated loan and other bank loans amounting to approximately HK$762 million. The balance of the net proceeds are deposited in interest-bearing bank accounts with licensed commercial banks in Hong Kong and will be used primarily to fund capital expenditure for the expansion and upgrade of our facilities and operation.

FINANCIAL RESULTS

The directors ("Directors") of Pacific Textiles Holdings Limited (the "Company") have pleasure in announcing the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the financial year ended March 31, 2007 (the "2007 Financial Year") together with the comparative figures for the financial year ended March 31, 2006 (the "2006 Financial Year") as follow:–

Consolidated Income Statement

For the year ended March 31, 2007

	Note	2007 HK$'000	2006 HK$'000
Revenue	2	4,203,357	3,363,029
Cost of sales		(3,281,266)	(2,560,773)
Gross profit		922,091	802,256
Other revenue	3	39,232	43,079
Distribution and selling expenses		(130,507)	(129,624)
General and administrative expenses		(144,336)	(165,662)
Operating profit	4	686,480	550,049
Finance income	5	4,548	5,852
Finance costs	5	(42,169)	(7,404)
Share of loss of associates		(1,997)	(272)
Profit before income tax		646,862	548,225
Income tax expense	6	(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	7	234,000	941,205
Earnings per share – basic and diluted (HK$ per share)	8	0.52	0.43

CONSOLIDATED BALANCE SHEET

As at March 31, 2007

	Note	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	*9*	**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	*10*	**11**	11
Reserves	*11*	**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

CONSOLIDATED BALANCE SHEET *(Continued)*

As at March 31, 2007

	Note	2007 HK$'000	2006 HK$'000
LIABILITIES			
Non-current liabilities			
Borrowings		**415,773**	469,686
Finance lease obligations		**814**	232
		416,587	469,918
Current liabilities			
Trade and bills payables	*12*	**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

Notes:

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the principal accounting policies below.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

(a) Amendments and interpretations to published standards effective in 2007 and are relevant to the Group's operations

The following amendment is mandatory for accounting periods beginning on or after January 1, 2006 and are relevant to the Group's operations:

- Amendment to HKAS 39 and HKFRS 4, Amendment "Financial Guarantee Contracts" (effective for accounting periods beginning on or after January 1, 2006). This amendment requires issued financial guarantees, other than those previously asserted by the entity to be insurance contracts, to be initially recognised at their fair value, and subsequently measured at the higher of (i) the unamortised balance of the related fees received and deferred, and (ii) the expenditure required to settle the commitment at the balance sheet date. The adoption of this amendment does not have a significant impact on these consolidated financial statements.

(b) Standards, amendments and interpretations effective in 2006 but not relevant to the Group's operations

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after January 1, 2006 but are not relevant to the Group's operations:

- HKAS 21 Amendment – Net Investment in a Foreign Operation;
- HKAS 19 Amendment – Employee Benefits;
- HKAS 39 Amendment – Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 Amendment – The Fair Value Option;
- HKFRS 1 Amendment – First-time Adoption of Hong Kong Financial Reporting Standards;
- HKFRS 6 – Exploration for and Evaluation of Mineral Resources;
- HKFRS-Int 4 – Determining whether an Arrangement contains a Lease;
- HKFRS-Int 5 – Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds; and
- HK(IFRIC)-Int 6 – Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment.

1. BASIS OF PREPARATION *(Continued)*

(c) New standards and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following new standards and interpretations to existing standards that have been published and are mandatory for accounting periods beginning on or after May 1, 2006 or later periods that the Group has not early adopted.

- HKFRS 7 "Financial Instruments: Disclosures" (effective for accounting periods beginning on or after January 1, 2007), HKAS 1 "Amendments to capital disclosures" (effective for accounting periods beginning on or after January 1, 2007). HKFRS 7 introduces new disclosures relating to financial instruments. The Group has assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will adopt HKFRS 7 and the amendment to HKAS 1 from accounting periods beginning April 1, 2007.

- HKFRS 8 "Operating Segments" (effective for accounting periods beginning on or after January 1, 2009). HKFRS 8 supersedes HKAS 14, "Segment Reporting", which requires segments to be reported based on the Group's internal reporting pattern as they represent components of the Group regularly reviewed by management. Management considers the adoption of HKFRS 8 will have no significant impact on the segment disclosures of the Group. The Group will apply HKFRS 8 from April 1, 2009.

- HK(IFRIC)-Int 8 "Scope of HKFRS 2" (effective for accounting periods beginning on or after May 1, 2006). HK (IFRIC)-Int 8 requires consideration of transactions involving the issuance of equity instruments – where the identifiable consideration received is less than the fair value of the equity instruments issued – to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC)-Int 8 from April 1, 2007, but it is not expected to have any significant impact on the Group's consolidated financial statements.

- HK(IFRIC)-Int 9 "Reassessment of Embedded Derivatives" (effective for accounting periods beginning on or after June 1, 2006). Management believes that this interpretations should not have significant impact on the Group's accounting policies as the Group has already assessed whether embedded derivatives should be separated using principles consistent with HK(IFRIC)-Int 9. The Group will apply HK(IFRIC)-Int 9 from April 1, 2007.

- HK(IFRIC)-Int 10 "Interim Financial Reporting and Impairment" (effective for accounting periods beginning on or after November 1, 2006). HK(IFRIC)-Int 10 prohibits the impairment losses recognised in an interim period on goodwill. Investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC)-Int 10 from April 1, 2007, but it is not expected to have any significant impact on the Group's consolidated financial statements.

- HK(IFRIC)-Int 11 "HKFRS 2 – Group and Treasury Share Transfer" (effective for accounting periods beginning on or after March 1, 2007). This interpretation addresses how certain share-based payment arrangements between group companies should be accounted for in the financial statements. The Group will apply HK(IFRIC)-Int 11 from April 1, 2008 but it is not expected to have any significant impact on the Group's consolidated financial statements.

1. BASIS OF PREPARATION *(Continued)*

(d) Interpretations to existing standards that are not yet effective and not relevant to the Group's operations

The following interpretations to existing standards have been published that are mandatory for the accounting periods beginning on or after March 1, 2006 or later periods but are not relevant for the Group's operations:

- HK(IFRIC)-Int 7 "Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies" (effective from March 1, 2006). This interpretation provides guidance on how to apply the requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when the economy was not hyperinflationary in the prior period. As none of the group entities have a currency of a hyperinflationary economy as its functional currency, HK(IFRIC)-Int 7 is not relevant to the Group's operations.

- HK(IFRIC)-Int 12, "Service Concession Arrangements" (effective for accounting periods beginning on or after January 1, 2008). This interpretation sets out general principles on recognising and measuring the obligation and related rights in service concession arrangements. The Group has no service concession arrangements and management considers the interpretation is not relevant to the Group.

The adoption of the above amendments to standards and interpretations did not have any significant impact on the financial statements of the Group.

2. SEGMENT INFORMATION

(a) Analysis of sales by category

Sales for the year represent principally income derived from manufacturing and trading of textile products.

(b) Primary reporting format – business segments

No business segment analysis is shown as more than 90% of the Group's principal activity is manufacturing and trading of textile products.

(c) Secondary reporting format – geographical segments

The Group primarily operates in China and Hong Kong.

The Group's sales by geographical locations are determined by the final destination where the products are delivered:

	2007 **HK$'000**	2006 HK$'000
China	**1,030,283**	896,333
Hong Kong	**895,418**	675,022
Sri Lanka	**712,543**	524,722
Indonesia	**222,398**	134,109
Jordan	**177,870**	159,559
Philippines	**141,989**	94,222
Vietnam	**128,182**	135,934
USA	**105,850**	125,985
Macau	**60,526**	40,370
Honduras	**18,386**	46,569
Others	**709,912**	530,204
	4,203,357	3,363,029

2. SEGMENT INFORMATION *(Continued)*

(c) Secondary reporting format – geographical segments *(Continued)*

The Group's assets are located in the following geographical areas:

	2007 HK$'000	2006 HK$'000
China	1,866,278	1,343,027
Hong Kong	770,772	705,440
Sri Lanka	286,718	241,945
Others	117,143	64,316
	3,040,911	2,354,728

The Group's capital expenditure, based on where the assets are located, is allocated as follows:

	2007 HK$'000	2006 HK$'000
China	399,773	234,841
Hong Kong	8,808	1,422
Sri Lanka	23,524	36,184
Others	249	163
	432,354	272,610

3. OTHER REVENUE

	2007 HK$'000	2006 HK$'000
Sub-contracting income	15,743	12,379
Sale of residual materials	23,481	19,202
Waiver of a loan from Textured Jersey UK Limited, an ex-shareholder of Textured Jersey Lanka (Private) Limited	–	11,496
Dividend income from listed investments	8	2
	39,232	43,079

4. OPERATING PROFIT

The following items have been charged/(credited) to operating profit:

	2007 HK$'000	2006 HK$'000
Depreciation of property, plant and equipment	197,756	165,811
Amortisation of leasehold land and land use rights	535	390
Cost of inventories sold	2,852,552	2,251,522
(Reversal of)/provision for bad and doubtful debts	(18,730)	10,958
Write-off of bad and doubtful debts	1,672	6,567
Impairment of other receivables	21,983	6,591
Employment costs	311,099	226,611
Operating lease rental of land and buildings	3,612	2,207
(Gain)/loss on disposal of property, plant and equipment	(1,324)	19,030
Provision for slow-moving and obsolete inventories	18,700	–
Goodwill write-off	–	10,443
Net exchange gains	(11,917)	(16,471)
Auditor's remuneration	1,447	1,519

5. FINANCE INCOME AND COSTS

	2007 HK$'000	2006 HK$'000
Finance income:		
– bank interest income	4,548	5,852
Finance costs:		
– bank loans and overdrafts	42,064	7,366
– finance lease obligations	105	38
	42,169	7,404

6. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profits for the year.

The subsidiary established in Mainland China as a wholly-owned foreign enterprise is entitled to full exemption from enterprise income tax for the first two years and 50% reduction in enterprise income tax for the next three years, commencing from the first profitable year after offsetting all unexpired tax losses carried forward from previous years. Thereafter the subsidiary is entitled to a 50% reduction in enterprise income tax in accordance with the applicable tax regulations. The subsidiary established and operated in Mainland China is subject to enterprise income tax at rate of 12% (2006: 12%), after the 50% reduction, for the year. On March 16, 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). The new CIT Law standardises the corporate income tax rate to 25% with effect from January 1, 2008. The new CIT Law provides that further detailed measures and regulations on the determination of taxable profit, tax incentives and grandfathering provisions will be issued by the State Council in due course. As and when the State Council announces the additional regulations, the Group will assess their impact, if any, and account for any change in accounting estimate.

The subsidiary established and operated in Sri Lanka, Textured Jersey Lanka (Private) Limited, is exempted from income tax on its profits for a period of 12 years from the first year of commencement of commercial operations in September 2001.

6. INCOME TAX EXPENSE *(Continued)*

The amount of taxation charged to the consolidated income statement represents:

	2007 HK$'000	2006 HK$'000
Current income tax		
– Hong Kong profits tax	57,492	65,819
– Mainland China income tax	24,401	16,664
– Others	15	–
Over provision	(232)	(1,158)
Deferred taxation	1,540	(2,450)
	83,216	78,875

The taxation on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the group companies as follows:

	2007 HK$'000	2006 HK$'000
Profit before income tax	646,862	548,225
Tax calculated at weighted average domestic tax rate applicable to profits in the respective places/countries	78,998	79,698
Income not subject to tax	(1,444)	(3,420)
Expenses not deductible for tax purposes	5,960	3,850
Over provision in prior years	(232)	(1,158)
Others	(66)	(95)
	83,216	78,875

The weighted average applicable tax rate was:

	2007	2006
Weighted average domestic applicable tax rate	12.2%	14.5%

The change in weighted average applicable tax rate above is mainly caused by a change in mix of profit earned in different tax jurisdictions while there were no significant changes in the respective tax rates.

7. DIVIDENDS

	2007 HK$'000	2006 HK$'000
Dividends declared and paid by the Company	234,000	941,205

On April 26, 2007, the Board of Directors of the Company declared a special dividend of HK$780 million payable to the then equity holders of the Company. This dividend is not reflected as a dividend payable in the annual consolidated financial statements but will be reflected as an appropriation of retained earnings for the year ending March 31, 2008.

8. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. In determining the weighted average number of ordinary shares in issue, a total of 1,074,702,000 ordinary shares were deemed to be in issued since April 1, 2005 after taking into consideration of the effect of the capitalisation issue as detailed in Note 10(c).

	2007 HK$'000	2006 HK$'000
Profit attributable to equity holders of the Company	**555,698**	458,855
Weighted average number of ordinary shares in issue (thousands)	**1,074,702**	1,074,702
Basic earnings per share (HK$ per share)	**0.52**	0.43

(b) Diluted

No diluted earnings per share have been presented as the Company does not have any dilutive potential ordinary shares.

9. TRADE AND BILLS RECEIVABLES

	2007 HK$'000	2006 HK$'000
Trade receivables	**461,611**	471,802
Bills receivables	**133,010**	122,143
	594,621	593,945
Less: provision for impairment of trade receivables	**(15,000)**	(33,730)
	579,621	560,215

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

Majority of the Group's sales are with credit terms of 30 to 60 days. The ageing analysis of the trade and bills receivables were as follows:

	2007 HK$'000	2006 HK$'000
0–60 days	**449,994**	482,470
61–120 days	**121,118**	88,616
Over 120 days	**23,509**	22,859
	594,621	593,945

The Group has no significant concentration of credit risk with respect to trade and bills receivables.

10. SHARE CAPITAL

	2007 HK$'000	2006 HK$'000
Authorised:		
50,000,000 ordinary shares of HK$0.001 each	**50**	50
Issued and fully paid:		
10,747,020 ordinary shares of HK$0.001 each	**11**	11

(a) On April 27, 2007, the Company's authorised share capital was increased by HK$4,950,000 by the creation of 4,950,000,000 shares of HK$0.001 each.

(b) On April 27, 2007, the Company's share option scheme was approved by the Board of Directors. The Board of Directors may, under the share option scheme, grant options to eligible full-time employees, directors or non-executive directors of the Group.

(c) On May 17, 2007, 1,063,954,980 shares of HK$0.001 each were allotted and issued to the then equity shareholders of the Company in proportion to their respective shareholdings, by the capitalisation of HK$1,063,955 from the share premium account as payment in full of par value.

(d) On May 17 and 18, 2007, 358,234,000 shares of HK$0.001 each were allotted and issued for cash at a price of HK$5.35 per share.

11. RESERVES

	Share premium HK$'000	Capital reserves *note (i)* HK$'000	Legal reserve *note (ii)* HK$'000	Statutory reserves *note (iii)* HK$'000	Foreign currency translation reserves HK$'000	Retained earnings HK$'000	Total HK$'000
At April 1, 2005	177,314	11,299	500	4,695	2,141	1,323,454	1,519,403
Profit attributable to equity holders of the Company	–	–	–	–	–	458,855	458,855
Transfer to statutory reserves	–	–	–	9,604	–	(9,604)	–
Currency translation differences	–	–	–	–	7,432	–	7,432
Dividends	–	–	–	–	–	(941,205)	(941,205)
At March 31, 2006	**177,314**	**11,299**	**500**	**14,299**	**9,573**	**831,500**	**1,044,485**
Profit attributable to equity holders of the Company	**–**	**–**	**–**	**–**	**–**	**555,698**	**555,698**
Transfer to statutory reserves	**–**	**–**	**–**	**20,603**	**–**	**(20,603)**	**–**
Currency translation differences	**–**	**–**	**–**	**–**	**74,551**	**–**	**74,551**
Dividends	**–**	**–**	**–**	**–**	**–**	**(234,000)**	**(234,000)**
At March 31, 2007	**177,314**	**11,299**	**500**	**34,902**	**84,124**	**1,132,595**	**1,440,734**

11. RESERVES *(Continued)*

Notes:

(i) Capital reserves represent the difference between the nominal value of shares of subsidiaries acquired pursuant to a reorganisation in November 2004 over the nominal value of the share capital of the Company issued in exchange thereof.

(ii) In accordance with relevant Macao Commercial Code, the subsidiary incorporated in Macau, Pacific Overseas Textiles Macao Commercial Offshore Limited, is required to set aside a minimum of 25% of its profit after taxation to legal reserve until the balance of this reserve reaches a level equivalent to 50% of its capital. As at March 31, 2005, the appropriation to legal reserve of the subsidiary has reached 50% of its capital.

(iii) As stipulated by regulations in Mainland China, the Company's subsidiary established and operated in Mainland China is required to appropriate a portion of their after-tax profit (after offsetting prior year losses) to statutory reserves at a rate of 10%. The statutory reserves are non-distributable.

12. TRADE AND BILLS PAYABLES

	2007 HK$'000	2006 HK$'000
Trade payables	**273,869**	241,220
Bills payables	**190,705**	178,059
	464,574	419,279

Trade and bills payables approximate their fair value.

The credit period granted by the creditors generally ranges from 30 to 60 days. The ageing analysis of the trade and bills payables were as follows:

	2007 HK$'000	2006 HK$'000
0–60 days	**374,190**	352,221
61–120 days	**87,568**	58,802
Over 120 days	**2,816**	8,256
	464,574	419,279

13. CONTINGENT LIABILITIES

As at March 31, 2007, the Group had no material contingent liabilities (2006: HK$Nil).

DIVIDENDS

During the 2007 Financial Year, a dividend of approximately HK$21.77 per share, totalling HK$234,000,000 was paid to the shareholders of the Company.

On April 26, 2007, the Board declared payment of a special dividend of approximately HK$72.58 per share, totalling approximately HK$780,000,000, to the shareholders whose names appeared on the register of members of the Company as at April 26, 2007 and the amount was paid on May 17, 2007.

The Board does not recommend the payment of a final dividend for the 2007 Financial Year.

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of corporate governance practice to the success of a listed company. The Company is committed to achieve high standard of corporate governance in the interest of the shareholders of the Company.

The Company will comply with the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") upon the shares of the Company are listed on the Stock Exchange on May 18, 2007. In addition to the Code, the Board also observes certain recommended best practices contained in the Appendix 14 to the Listing Rules where suitable to the Company so as to enhance the corporate governance standard of the Company.

The Company will ensure the high level of corporate governance practices will be maintained in the future.

MODEL CODE ON SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Specific enquiries will be made by the Company to confirm that all Directors will have complied with the Model Code for the year ending March 31, 2008.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the 2007 Financial Year, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the Stock Exchange.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the audited financial statements of the Group for the 2007 Financial Year.

REVIEW OF THE ANNUAL RESULTS ANNOUNCEMENT BY AUDITORS

The figures in respect of the annual results announcement of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the 2007 Financial Year have been agreed by the Group's auditors, Messrs. PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the 2007 Financial Year. The work performed by Messrs. PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. PricewaterhouseCoopers on the annual results announcement.

PUBLICATION OF FINANCIAL INFORMATION

This annual results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.pacific-textiles.com). The annual report of the Company for the 2007 Financial Year will be dispatched to the Company's shareholders and available on the above websites in due course.

ANNUAL GENERAL MEETING

It is proposed that the Annual General Meeting of the Company will be held in September 2007. The Notice of the Annual General Meeting will be published in the newspapers and sent to the shareholders of the Company in due course.

By Order of the Board
Pacific Textiles Holdings Limited
Wan Wai Loi
Chairman

Hong Kong, July 9, 2007

As at the date of this announcement, the executive Directors are Mr. WAN Wai Loi (Chairman), Mr. TSANG Kang Po, Mr. LAM Wing Tak and Dr. LAM King Man, the non-executive Directors are Mr. CHOI Kin Chung, Mr. IP Ping Im, Mr. HO Hsiang Ming, James and Mr. LAU Yiu Tong, and the independent non-executive Directors are Mr. NG Ching Wah, Mr. SZE Kwok Wing, Nigel and Mr. CHAN Yue Kwong, Michael.

* For identification purposes only