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TEXWINCA HOLDINGS LIMITED

德永佳集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 321)

Websites: <http://www.texwinca.com/>

<http://www.irasia.com/listco/hk/texwinca/>

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2013

RESULTS

The board of directors (the "Board") of Texwinca Holdings Limited (the "Company") has pleasure in presenting the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2013 with the comparative figures of last year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2013	2012
	Notes	HK\$'000	HK\$'000 (Restated)
REVENUE		11,250,843	13,765,827
Cost of sales		<u>(7,777,615)</u>	<u>(9,691,759)</u>
Gross profit		3,473,228	4,074,068
Other income and gains		518,105	342,636
Selling and distribution expenses		(2,418,931)	(2,570,200)
Administrative expenses		(819,696)	(729,996)
Other operating expenses, net		(2,119)	(14,594)
Finance costs		(54,490)	(37,651)
Share of profit of an associate, net of tax		43,917	63,956
PROFIT BEFORE TAX	4	740,014	1,128,219
Income tax expense	5	<u>(59,251)</u>	<u>(161,560)</u>
PROFIT FOR THE YEAR		<u>680,763</u>	<u>966,659</u>

* For identification purposes only

		Year ended 31 March	
	<i>Note</i>	2013	2012
		HK\$'000	HK\$'000
			<i>(Restated)</i>
Attributable to:			
Ordinary equity holders of the Company		734,229	938,186
Non-controlling interests		<u>(53,466)</u>	<u>28,473</u>
		<u>680,763</u>	<u>966,659</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY			
EQUITY HOLDERS OF THE COMPANY <i>(HK cents)</i>			
	7		
Basic		<u>53.9</u>	<u>68.9</u>
Diluted		<u>53.7</u>	<u>68.3</u>

Details of the dividends for the year are disclosed in note 6 to the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2013	2012
	<i>HK\$'000</i>	<i>HK\$'000</i> <i>(Restated)</i>
PROFIT FOR THE YEAR	680,763	966,659
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	<u>95,205</u>	<u>153,136</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>775,968</u>	<u>1,111,795</u>
Attributable to:		
Ordinary equity holders of the Company	790,475	1,077,204
Non-controlling interests	<u>(14,507)</u>	<u>42,591</u>
	<u>775,968</u>	<u>1,111,795</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	31 March 2013	31 March 2012	1 April 2011
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Restated)</i>	<i>(Restated)</i>
NON-CURRENT ASSETS			
Property, plant and equipment	2,028,431	2,144,549	2,160,778
Investment properties	304,349	193,278	169,094
Prepaid land lease payments	22,663	23,149	23,469
Construction in progress	2,137	94,327	75,991
Trademarks	33,293	33,293	33,293
Investment in an associate	76,931	101,830	132,568
Long term rental deposits	149,122	122,092	110,804
	<u>2,616,926</u>	<u>2,712,518</u>	<u>2,705,997</u>
CURRENT ASSETS			
Inventories	1,991,784	2,712,541	2,960,378
Trade receivables	616,162	683,416	593,401
Bills receivable – external trade	318,698	403,450	348,060
Bills receivable – intra-group trade	874,509	1,707,485	734,580
Prepayments, deposits and other receivables	651,819	680,550	667,784
Due from an associate	55,733	—	—
Held-to-maturity investments	12,634	23,384	—
Derivative financial assets	23,528	12,661	17,006
Cash and bank balances	5,151,363	4,500,318	4,232,835
	<u>9,696,230</u>	<u>10,723,805</u>	<u>9,554,044</u>
CURRENT LIABILITIES			
Due to an associate	—	9,715	45,707
Trade payables	818,685	1,333,828	1,400,632
Bills payable – external trade	35,148	93,469	89,438
Bills payable – intra-group trade	874,509	1,707,485	734,580
Other payables and accrued liabilities	609,508	436,288	487,575
Derivative financial liabilities	468	4,492	8,026
Tax payable	175,044	246,706	306,821
Interest-bearing bank borrowings	3,283,460	3,193,332	3,024,535
	<u>5,796,822</u>	<u>7,025,315</u>	<u>6,097,314</u>
Net current assets	<u>3,899,408</u>	<u>3,698,490</u>	<u>3,456,730</u>
Total assets less current liabilities	<u>6,516,334</u>	<u>6,411,008</u>	<u>6,162,727</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	225,000	412,567	563,724
Deferred tax liabilities	120,879	112,461	77,267
	<u>345,879</u>	<u>525,028</u>	<u>640,991</u>
Net assets	<u>6,170,455</u>	<u>5,885,980</u>	<u>5,521,736</u>

	31 March 2013 HK\$'000	31 March 2012 HK\$'000 (Restated)	1 April 2011 HK\$'000 (Restated)
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital	68,178	68,068	68,042
Reserves	5,425,934	5,168,559	4,765,373
Proposed final dividend	368,222	326,725	408,284
	5,862,334	5,563,352	5,241,699
Non-controlling interests	308,121	322,628	280,037
Total equity	6,170,455	5,885,980	5,521,736

Notes to the Consolidated Financial Statements:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

2. Principal accounting policies

The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are the same as those used in the consolidated financial statements for the year ended 31 March 2012, except in relation to the following revised HKFRSs that affect the Group and are adopted for the first time for the current year's financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Transfers of Financial Assets</i>
HKAS 12 Amendments	Amendments to HKAS 12 <i>Income Taxes – Deferred Tax: Recovery of Underlying Assets</i>

Other than as further explained below regarding the impact of amendments to HKAS 12, the adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

The HKAS 12 Amendments clarify the determination of deferred tax for investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, the amendments incorporate the requirement previously in HK(SIC)-Int 21 *Income Taxes – Recovery of Revalued Non-Depreciable Assets* that deferred tax on non-depreciable assets, measured using the revaluation model in HKAS 16, should always be measured on a sale basis. Prior to the adoption of the amendments, deferred tax with respect to the Group's investment properties was provided on the basis that the carrying amount will be recovered through use, and accordingly the profits tax rate had been applied to the calculation of deferred tax arising on the revaluation of the Group's investment properties. Upon the adoption of HKAS12 Amendments, the Group has remeasured the deferred tax relating to certain investment properties on the presumption that the carrying amounts will be recovered through sale.

	2013 HK\$'000	2012 HK\$'000
<i>Consolidated income statement for the year ended 31 March</i>		
Decrease in income tax expense	<u>16,880</u>	<u>7,846</u>
Increase in profit for the year	<u>16,880</u>	<u>7,846</u>
Increase in basic earnings per share (HK cents)	<u>1.239</u>	<u>0.576</u>
Increase in diluted earnings per share (HK cents)	<u>1.233</u>	<u>0.571</u>
		2011 HK\$'000
<i>Consolidated statement of financial position at 1 April</i>		
Decrease in deferred tax liabilities and total non-current liabilities		<u>9,049</u>
Increase in net assets and reserves		<u>9,049</u>

ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i> ²
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i> ²
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ²
HKFRS 11	<i>Joint Arrangements</i> ²
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i> ²
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ³

HKFRS 13	<i>Fair Value Measurement</i> ²
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial statements – Presentation of Items of Other Comprehensive Income</i> ¹
HKAS 19 (2011)	<i>Employee Benefits</i> ²
HKAS 27 (2011)	<i>Separate Financial Statements</i> ²
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ³
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²
Annual improvements Project	Annual Improvements 2009 - 2011 Cycle ²
HKFRS 9 and HKFRS 7 Amendments	Amendments to HKFRS 9 <i>Financial Instruments</i> and HKFRS 7 <i>Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures</i> ⁴

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the progress of making an assessment of the impact of these new and revised HKFRS, upon initial application but is not yet in a position to state whether these new and revised HKFRSs would have any significant impact on its results of operations and financial position.

3. Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (a) the production, dyeing and sale of knitted fabric and yarn segment;
- (b) the retailing and distribution of casual apparel and accessory segment; and
- (c) the "others" segment principally comprises the provision of repair and maintenance services for motor vehicles, the provision of franchise services and properties investment.

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs and share of profit of an associate, net of tax are excluded from such measurement.

Segment assets exclude time deposits and investment in an associate as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, tax payable and deferred tax liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

- (a) The following tables present revenue, profit and certain asset, liability and expenditure information of the Group for the years ended 31 March 2013 and 31 March 2012:

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
										<i>(Restated)</i>
Segment revenue:										
Sales to external customers	5,460,299	6,976,171	5,768,404	6,766,420	22,140	23,236	—	—	11,250,843	13,765,827
Intersegment sales	—	—	—	—	7,910	5,200	(7,910)	(5,200)	—	—
Other revenue	110,170	55,076	66,061	41,289	131,326	68,820	(3,464)	(3,803)	304,093	161,382
Total	5,570,469	7,031,247	5,834,465	6,807,709	161,376	97,256	(11,374)	(9,003)	11,554,936	13,927,209
Segment results	545,882	691,749	(143,921)	157,164	134,614	71,747	—	—	536,575	920,660
Interest income									214,012	181,254
Finance costs									(54,490)	(37,651)
Share of profit of an associate, net of tax									43,917	63,956
Profit before tax									740,014	1,128,219
Income tax expense									(59,251)	(161,560)
Profit for the year									680,763	966,659

- (a) The following tables present revenue, profit and certain asset, liability and expenditure information of the Group for the years ended 31 March 2013 and 31 March 2012: *(continued)*

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000	2013 HK\$'000	2012 HK\$'000
										<i>(Restated)</i>
Assets and liabilities:										
Segment assets	5,991,988	7,321,302	2,304,650	2,694,515	356,092	246,797	(1,029,590)	(1,170,129)	7,623,140	9,092,485
Investment in an associate									76,931	101,830
Unallocated assets									4,613,085	4,242,008
Total assets									12,313,156	13,436,323
Segment liabilities	1,565,777	2,746,174	1,443,054	1,729,985	91,754	75,925	(762,267)	(966,807)	2,338,318	3,585,277
Unallocated liabilities									3,804,383	3,965,066
Total liabilities									6,142,701	7,550,343
Other segment information:										
Depreciation and amortisation	219,229	224,302	150,050	119,112	1,650	1,779	—	—	370,929	345,193
Capital expenditure	45,107	57,542	118,975	191,643	6	19	—	—	164,088	249,204
Other non-cash expenses/(income)	(17,224)	(1,769)	(49,643)	(30,240)	18	51	—	—	(66,849)	(31,958)
Net fair value gains on investment properties	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	102,225	43,412	<u>—</u>	<u>—</u>	102,225	43,412

(b) Geographical information

The following table presents geographical revenue and non-current asset information of the Group for the years ended 31 March 2013 and 31 March 2012:

	USA		Mainland China		Japan		Hong Kong		Others		Eliminations		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(i) Revenue from external customers														
Segment revenue:														
Sales to external customers	3,950,591	5,096,378	5,186,556	6,132,924	704,762	621,227	612,016	747,756	796,918	1,167,542	—	—	11,250,843	13,765,827
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
(ii) Non-current assets:														
Non-current assets	<u>—</u>	<u>—</u>	<u>2,056,153</u>	<u>2,255,986</u>	<u>—</u>	<u>—</u>	<u>736,867</u>	<u>590,577</u>	<u>92,585</u>	<u>109,949</u>	<u>(417,801)</u>	<u>(366,086)</u>	<u>2,467,804</u>	<u>2,590,426</u>

The Group's geographical revenue and non-current assets information, excluding long term rental deposits, information are based on the locations of the markets and assets, respectively.

(c) Information about major customers

No single external customer (2012: nil) contributes more than 10% to the Group's revenue during the year.

4. Profit before tax

The Group's profit before tax is arrived at after charging / (crediting):-

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Depreciation	370,249	344,605
Recognition of prepaid land lease payments	680	588
Gain on disposal of items of property, plant and equipment	<u>(58,000)</u>	<u>(5,634)</u>

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
		(Restated)
Hong Kong and Mainland China taxes:		
Current year provision	50,397	124,621
Under-provision in prior years	107	1,745
Deferred tax	8,418	35,194
Elsewhere tax :		
Current year provision	<u>329</u>	<u>—</u>
Tax charge for the year	<u>59,251</u>	<u>161,560</u>

6. Dividends

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
Interim of HK13.0 cents (2012: HK26.0 cents) per share	177,360	354,014
Proposed final of HK27.0 cents (2012: HK24.0 cents) per share	<u>368,222</u>	<u>326,725</u>
	<u>545,582</u>	<u>680,739</u>

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

7. Earnings per share attributable to ordinary equity holders of the Company

The basic and diluted earnings per share for the years ended 31 March 2013 and 31 March 2012 have been calculated as follows:

(a) *Basic earnings per share*

The calculation of the basic earnings per share is based on the profit for that year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue during that year.

(b) *Diluted earnings per share*

The calculation of the diluted earnings per share for the years ended 31 March 2013 and 31 March 2012 is based on the profit for that year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares during that year.

The calculations of basic and diluted earnings per share are based on the following:

	Year ended 31 March	
	2013	2012
	HK\$'000	HK\$'000
		<i>(Restated)</i>
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	734,229	938,186
	Number of shares	
	2013	2012
<u>Shares</u>		
Weighted average number of shares in issue during the year used in the basic earnings per share calculation	1,362,593,035	1,361,164,738
Effect of dilution - weighted average number of ordinary shares:		
Share options	5,934,395	12,208,245
Weighted average number of shares in issue during the year used in the diluted earnings per share calculation	1,368,527,430	1,373,372,983

8. Trade receivables

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment of HK\$12,510,000 (2012: HK\$12,349,000), is as follows:

	31 March	
	2013	2012
	HK\$'000	HK\$'000
Within 90 days	584,792	659,076
Over 90 days	31,370	24,340
	616,162	683,416

Payment terms of the Group's customers mainly range from "cash before delivery" upto "within 90 days from the date of invoice". A significant portion of the customers trade with the Group under documentary credit terms. The Group seeks to maintain strict credit control on its outstanding receivables and has a policy to manage its credit risk. Since the Group's trade receivables relate to a large number of customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

9. Trade payables

An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 March	
	2013	2012
	HK\$'000	HK\$'000
Within 90 days	797,325	1,301,175
Over 90 days	<u>21,360</u>	<u>32,653</u>
	<u>818,685</u>	<u>1,333,828</u>

At the end of the reporting period, the trade payables are non-interest-bearing and are normally settled on 90-day terms.

10. Contingent liabilities

- (a) At the end of the reporting period, contingent liabilities not provided for in the financial statements were as follows:

	2013	2012
	HK\$'000	HK\$'000
Bank guarantees given in lieu of property rental deposits	3,569	6,548
Guarantees of banking facilities granted to an associate	<u>12,500</u>	<u>12,500</u>

- (b) During the year ended 31 March 2013, certain subsidiaries of the Group have received the revised tax assessments from the Inland Revenue Department ("the IRD") after the review on the tax affairs for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004, 2004/2005 and 2005/2006 as well as the additional/estimated assessments for the year of assessment 2006/2007.

The IRD concluded that the total tax undercharged, interest payable and compound penalty for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004, 2004/2005 and 2005/2006 is approximately HK\$161,300,000 in aggregate, while the Group has purchased tax reserve certificates totaling HK\$185,000,000 for the aforesaid years of assessment. Since the IRD is still reviewing the tax affairs of certain subsidiaries of the Group for the year of assessment 2005/2006, the IRD has retained HK\$4,500,000 from the redemption of tax reserve certificates for the unresolved objection and refunded the Group approximately HK\$19,200,000. The Group recognized the refund and credited the amount as an over-provision of tax in the year ended 31 March 2013.

The Group is no longer liable to any tax liabilities for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004, and 2004/2005. The unresolved protective tax assessments for the years of assessment 2005/2006 and 2006/2007 issued by the IRD in March 2012 and March 2013 are HK\$69,125,000 and HK\$189,000,000 respectively. As explained above, the IRD has retained a tax reserve certificate of HK\$4,500,000 pending for the finalization of the tax review for the year of assessment 2005/2006. For the year of assessment 2006/2007, the IRD agreed to hold over the tax claimed completely subject to the purchase of tax reserve certificate in the amount of HK\$31,500,000.

In view that the tax review for the years of assessment 2005/2006 and 2006/2007 is still in progress, the outcome of the case is still uncertain. Up to the date of approval of this result announcement, the directors of these subsidiaries consider that adequate tax provisions have been made in the financial statements.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK27.0 cents (2012: HK24.0 cents) per ordinary share which, together with the interim dividend of HK13.0 cents (2012: HK26.0 cents) per ordinary share paid in January 2013, will make a total dividend of HK40.0 cents (2012: HK50.0 cents) per ordinary share. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final dividend will be payable on Thursday, 3 October 2013 to the shareholders registered on the Register of Members of the Company on Friday, 23 August 2013.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 6 August 2013 to Friday, 9 August 2013 (both days inclusive) for the purpose of determining the entitlement to attend and vote at the Annual General Meeting. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the outstanding share options granted by the Company. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 5 August 2013.

The Register of Members of the Company will be closed from Monday, 19 August 2013 to Friday, 23 August 2013 (both days inclusive) for the purpose of determining the entitlement to the proposed final dividend for the year ended 31 March 2013. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the outstanding share options granted by the Company. In order to qualify for entitlement to the proposed final dividend for the year ended 31 March 2013, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 16 August 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For this financial year ended 31 March 2013, the Group's total turnover decreased by 18.3 % to HK\$11,251 million (2012 : HK\$13,766 million). Profit for the year attributable to the equity holders of the Company amounted to HK\$734 million (2012 : HK\$938 million), a decrease of 21.1%. The Group's gross profit margin was 30.9% (2012 : 29.6%), an increase of 1.3% from last year. The Board has recommended a final dividend of HK27.0 cents (2012 : HK24.0 cents) per ordinary share. Including interim dividend, total dividend per ordinary share would be HK40.0 cents, a decrease of 20.0% from last year's HK50.0 cents.

Textile business

Net sales of the business had reduced by 21.7 % to HK\$5,460 million (2012 : HK\$6,976 million). The amount was 48.5% (2012 : 50.7%) of the Group's total turnover. This business experienced quite a difficult time in the first half mainly because of the unusually high cotton price premium in the Mainland China over that of the other global suppliers. The gross profit margin in the first half dropped adversely to 13.3%. Starting from the second half, the textile business operation has been more favourable as the price gap between the China cotton and the global cotton went back to a reasonable level. The gross profit margin in the second half thus improved to 18.7 %. For the whole year, the Group's textile business gross profit margin was 16.0% (2012 : 14.8%). In the year, the average selling price decreased by 6.0% and the sales volume decreased by 15.5%. The performance and the key financial ratios of the business were as below :

<i>(HK\$'million)</i>	2013	2012	2011	2010	2009
Net sales	5,460	6,976	5,971	5,540	5,058
Gross profit margin (%)	16.0	14.8	20.4	21.6	21.2
Operating profit (<i>note 1</i>)	546	692	908	853	776
EBITDA (<i>note 1</i>)	765	916	1,137	1,074	992
Return on total assets (%) (<i>note 2</i>)	6.3	6.4	8.3	12.6	13.7
Return on sales (%) (<i>note 2</i>)	12.4	10.7	14.6	14.9	15.1
Return on equity (%) (<i>note 2</i>)	11.2	13.4	17.4	18.8	18.9
Capital expenditure	45	57	80	121	104

Notes : (1) Exclude interest income and rental income.

(2) Exclude rental income.

Retail and distribution business

Net sales of the business dropped by 14.8% to HK\$5,768 million (2012 : 6,766 million). The amount represented 51.3% (2012 : 49.2%) of the Group's total turnover. The business environment was quite tough in the period. The consumer conditions were sluggish in the Mainland China. Meanwhile, many local retailers continued to make heavy discounting to improve their over-inventory status. The gross profit margin was stable at 44.9% (2012 : 44.8%). The Group took a conservative business approach to reduce 241 stores in the year. At the period end :

(a) the business performance and the key financial ratios were as follows:

<i>(HK\$'million)</i>	2013	2012	2011	2010	2009
Net sales	5,768	6,766	5,857	4,960	4,900
Gross profit margin (%)	44.9	44.8	47.1	46.4	45.3
Sales growth of comparable shops (%) (<i>note 1</i>)	(12.0)	2.9	13.8	3.7	6.5
Operating profit/(loss) (<i>note 2</i>)	(144)	157	407	253	160
EBITDA (<i>note 2</i>)	6	276	495	351	279
Return on total assets (%) (<i>note 3</i>)	(7.6)	3.2	12.5	9.7	5.5
Return on sales (%) (<i>note 3</i>)	(3.0)	1.3	5.0	3.7	1.3
Return on equity (%) (<i>note 3</i>)	(20.4)	9.0	38.6	40.0	23.5
Capital expenditure	119	192	109	53	107

Notes: (1) Comparable shops include shops with full year operation during the year and the preceding year.

(2) Exclude interest income and rental income.

(3) Exclude rental income.

(b) the analysis of turnover by major brand was as follows:

<i>(HK\$'million)</i>	2013	2012	2011	2010	2009
Baleno	3,038	3,653	3,089	2,463	2,311
S&K	742	940	846	757	809
I.P. Zone	555	699	643	601	639
ebase	381	465	399	326	383
Others	1,052	1,009	880	813	758
Total	5,768	6,766	5,857	4,960	4,900

(c) the development in different markets was as follows:

Mainland China

	2013	2012	2011	2010	2009
Net sales (<i>HK\$' million</i>)	4,920	5,811	4,987	4,097	3,834
Increase/(decrease) in net sales (%)	(15)	17	22	7	23
Retail floor area (<i>sq. ft.</i>)*#	2,147,536	2,368,260	2,162,123	1,748,531	1,866,008
Number of sales associates*#	9,168	11,492	11,348	9,957	10,701
Number of outlets* [△]	3,820	4,044	3,894	3,639	3,828

Hong Kong and Macau

	2013	2012	2011	2010	2009
Net sales (HK\$' million)	435	460	465	416	402
Increase/(decrease) in net sales (%)	(5)	(1)	12	3	(1)
Retail floor area (sq. ft.)*#	63,254	61,722	54,960	52,555	56,131
Number of sales associates *#	425	493	482	422	398
Number of outlets *#	68	70	63	62	65

Taiwan

	2013	2012	2011	2010	2009
Net sales (HK\$' million)	413	495	405	375	426
Increase/(decrease) in net sales (%)	(17)	22	8	(12)	7
Retail floor area (sq. ft.)*#	142,079	151,218	135,734	125,497	187,230
Number of sales associates*#	488	638	608	602	641
Number of outlets * [△]	166	181	161	154	194

Singapore

	2013	2012	2011	2010	2009
Net sales (HK\$' million)	—	—	—	48	166
Decrease in net sales (%)	—	—	(100)	(71)	(29)
Retail floor area (sq.ft.)*#	—	—	—	—	24,877
Number of sales associates*#	—	—	—	—	157
Number of outlets*#	—	—	—	—	23

Malaysia

	2013	2012	2011	2010	2009
Net sales (HK\$' million)	—	—	—	24	72
Decrease in net sales (%)	—	—	(100)	(67)	(11)
Retail floor area (sq. ft.)*#	—	—	—	—	33,185
Number of sales associates*#	—	—	—	—	134
Number of outlets*#	—	—	—	—	16

* As at the end of the reporting period

For self-managed stores

△ Including self-managed and franchise stores

Garment manufacturing business

Turnover of this associate decreased by 20.6% to HK\$1,087 million (2012 : HK\$1,369 million). Net profit contribution to the Group amounted to HK\$44 million, (2012 : HK\$64 million), a reduction of 31.3%. The operating conditions were unfavourable in the period mainly due to the volatility of cotton price and the weak economic status of major markets. In the year, 72.2% (2012 : 68.9%) of the fabric consumed was supplied by the textile division and sales to the retail division represented 23.8% (2012 : 31.7%) of its revenue.

FINANCIAL CONDITION**Liquidity and financial resources**

The Group continued to maintain a sound financial position. The current ratio, the total bank debts and the gearing ratio as at the year end were 1.7, HK\$3,508 million and -0.3 (2012: 1.5, HK\$3,606 million and -0.2) respectively. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and bank balances, to the total equity. The net cash inflow from operating activities for the year was HK\$967 million (2012: HK\$948 million).

During the year, the interest cover, the trade and bills receivables (excluding bills receivable for intra-group trade) to turnover and the inventory to turnover were 15 times, 30 days and 65 days (2012: 31 times, 29 days and 72 days) respectively. At the year end, the inventory level reduced substantially from the end of last year by HK\$721 million to HK\$1,992 million. During the year, the Group changed the settlement method of the intercompany balances among certain subsidiaries from documentary credit to open account. As a result, both intra-group bills receivable and intra-group bills payable dropped significantly by HK\$833 million to HK\$875 million as at the year end. The Group mainly satisfied its funding requirements with cash inflow from its operating activities and bank borrowings. At the year end, the cash and bank balances, the equity attributable to ordinary equity holders of the Company and the unutilized banking facilities were HK\$5,151 million, HK\$5,862 million and HK\$5,836 million (2012: HK\$4,500 million, HK\$5,563 million and HK\$4,064 million) respectively.

Capital expenditure

During the year, the Group was prudent in controlling its capital expenditure spendings. The capital expenditure incurred by the Group during the year was HK\$164 million (2012: HK\$249 million). HK\$45 million (2012: HK\$57 million) was incurred by the textile business for the addition of plant and machinery. And HK\$119 million (2012: HK\$192 million) was incurred by the retail and distribution business for the renovation of its retail outlets.

Pledge of assets

No significant assets were pledged as at 31 March 2013 and 31 March 2012.

Contingent liabilities

Details of the contingent liabilities as at 31 March 2013 and 31 March 2012 have been set out in note 10 to the above.

Foreign exchange and interest rate risks

The Group continued to adopt a strict and prudent policy in managing its interest rate and currency exchange risks. The major interest-bearing bank borrowings of the Group were HKD, USD and Renminbi floating rate borrowings with maturity due within three years. At the year end, the cash and bank balances amounted to HK\$5,151 million (2012 : HK\$4,500 million) were mainly denominated in RMB and were placed as fixed deposits with well-established financial institution at fixed interest rate with maturity due within one year. As the global economic recovery remains modest during the year, the interest rate is due to stay at a low level. The Group will continue to monitor the interest rate movement and arrange financial instruments to reduce its interest rate risk whenever appropriate.

During the year, the major assets, liabilities, revenue, expenses and procurements of the Group were denominated in HKD, USD, Renminbi, YEN and NTD and the Group had arranged foreign exchange forward contracts to reduce its currency exchange risk.

Human Resources

As at 31 March 2013, the Group had about 20,400 (2012: 24,500) employees in the Greater China. The remuneration of the employees was largely based on industry practice and the performance of individual employee.

Corporate social responsibility

As a responsible corporate citizen, the Group has been active in participating in charitable donation, caring for the needy people and supporting and sponsoring educational and environmental protection activities. In addition, the Group also encourages its employees, customers and business partners to partake in the aforesaid activities with a view to developing a better future for our community.

During the year, some of the activities/organisations the Group participated in / donated to were:

- (1) World Wide Fund For Nature Hong Kong;
- (2) The Community Chest of Hong Kong "The Community Chest Green Day";
- (3) The Community Chest of Hong Kong "Dress Casual Day";
- (4) HSBC Pok Oi Cycle for Millions 2013; and
- (5) The Community Chest "Love Teeth Day".

The Group believes that the development of a better future for our community relies on the participation of people, corporates and the government. Therefore, the Group will continue to invest resources in all major social, educational and environmental protection activities to strive for a better future for our community.

Outlook

The global economic conditions shall remain uncertain for a while. Also, the China consumer sentiment will take some time to recover. Looking forward to the Group's financial year 2014, there are still challenges ahead. The Group will closely monitor the market conditions to employ suitable management measures.

The Group will continue to upgrade the production capacity of the textile business. In the coming year, capital expenditure in this sector will be about HK\$200 million. For the retail business, expansion will be more conservative for a while. The Group will also place great effort to enhance competitiveness and implement stringent cost control measures.

The U.S. consumer market has shown some signs of improvement. The China cotton price is anticipated to be stable in 2013. Though there are uncertainties, the Management is still confident to achieve improved results in the coming year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

AUDIT COMMITTEE

The Company has established an audit committee (the "Audit Committee") in compliance with Rule 3.21 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The members of the Audit Committee comprise the three independent non-executive directors of the Company, Mr. Law Brian Chung Nin, Mr. Au Son Yiu, and Mr. Cheng Shu Wing. The Audit Committee is chaired by Mr. Law Brian Chung Nin, a qualified accounting professional.

The terms of reference and duties have been laid down as guidelines for the Audit Committee. The principal duties of the Audit Committee include the review and supervision of the financial reporting processes and internal controls of the Group. During the year, the Audit Committee held five meetings to review the internal controls and financial reporting matters and provide recommendations to the Board. For this fiscal year, the Audit Committee has reviewed and discussed with the management the audited consolidated financial statements of the Group.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied with all the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Listing Rules throughout the financial year, except for the following deviations:

- (1) Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and be subject to re-election.

Prior to 1 April 2013, all the existing non-executive directors of the Company were not appointed for a specific term, but were subject to retirement and re-election at the Company's annual general meeting in accordance with Clause 87 of the Company's bye-laws.

On 1 April 2013, each of the non-executive directors of the Company entered into a service contract with the Company for a term of one year, subject to retirement and re-election at the Company's annual general meeting in accordance with Clause 87 of the Company's bye-laws. The code provision A.4.1 has been complied with since then.

- (2) Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Prior to the date of this announcement, Mr. Poon Bun Chak undertook the roles of chairman and chief executive officer. On 17 June 2013, following the resignation of Mr. Poon Bun Chak as the chief executive officer, Mr. Ting Kit Chung was appointed as the chief executive officer of the Group. Since then, the roles of chairman and chief executive officer have been separated and the code provision A.2.1 has been complied with by the Company.

- (3) Under code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company.

The chairman of the Board has delegated the duty of attending the annual general meeting to an executive director of the Company. The chairman considers the executive director a suitable person for taking up such duty as the executive director has been serving for similar duties for many years and he has good understanding of each operating segment of the Group.

- (4) Under code provision A.1.8 of the CG Code, the Company should arrange appropriate insurance cover in respect of legal action against its directors.

An insurance policy was concluded by the Group on 1 November 2012 which provides full insurance cover under the policy commencing from the inception of the policy as well as a retrospective insurance cover for unreported claim before 1 November 2012. As at the date of this announcement, no claim has been reported.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. Based on specific enquiry of the Company's directors, they have all complied with the required standard set out in the Model Code throughout the year.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Poon Kei Chak, Mr. Ting Kit Chung and Mr. Poon Ho Wa; and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Law Brian Chung Nin.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for 2012/2013 will be despatched to the shareholders of the Company and available for viewing on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk under "Latest Listed Company Information" and on the website of the Company at www.texwinca.com under "Investor Relations" in due course.

By Order of the Board
Poon Bun Chak
Chairman

Hong Kong, 17 June 2013