



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 2008

RESULTS

The board of directors (the “Board”) of Texwinca Holdings Limited (the “Company”) has pleasure in presenting the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 March 2008 with the comparative figures of last year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2008	2007
	Notes	HK\$'000	HK\$'000
REVENUE	3	9,669,206	8,298,552
Cost of sales		<u>(6,429,104)</u>	<u>(5,656,539)</u>
Gross profit		3,240,102	2,642,013
Other income and gains		136,714	128,867
Selling and distribution costs		(1,652,477)	(1,533,792)
Administrative expenses		(521,980)	(504,360)
Other operating expenses, net		(7,983)	1,730
Finance costs		(42,884)	(49,801)
Share of profit of an associate, net of tax		<u>62,483</u>	<u>48,211</u>
PROFIT BEFORE TAX	3	1,213,975	732,868
Tax	5	<u>(254,843)</u>	<u>(107,047)</u>
PROFIT FOR THE YEAR		<u>959,132</u>	<u>625,821</u>

* For identification purpose only.

Attributable to:		
Equity holders of the Company	926,351	625,148
Minority interests	32,781	673

	959,132	625,821
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DIVIDENDS

Interim	239,132	159,155
Proposed final	331,750	198,913

	570,882	358,068
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Interim dividend per share paid (<i>HK cents</i>)	18.0	12.0
Final dividend per share proposed (<i>HK cents</i>)	25.0	15.0

	43.0	27.0
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EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (*HK cents*)

Basic	6	69.8	47.1
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Diluted		69.4	47.1
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CONSOLIDATED BALANCE SHEET

At 31 March

	2008	2007
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>

NON-CURRENT ASSETS

Property, plant and equipment	2,367,458	2,323,532
Investment properties	123,208	119,682
Prepaid land lease payments	24,810	24,773
Construction in progress	148,701	38,513
Trademarks	33,293	33,293
Interest in an associate	104,764	121,464
Long term rental deposits	119,358	126,148

Total non-current assets	2,921,592	2,787,405
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CURRENT ASSETS

Inventories	1,587,075	1,290,340
Trade and bills receivables	7 1,017,885	1,090,387
Prepayments, deposits and other receivables	483,593	403,850
Derivative financial assets	62,335	25,588
Cash and cash equivalents	817,617	244,829

Total current assets	3,968,505	3,054,994
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CURRENT LIABILITIES			
Due to an associate		20,141	15,605
Trade and bills payables	8	993,861	950,918
Other payables and accrued liabilities		363,552	248,271
Derivative financial liabilities		19,438	196
Tax payable		312,656	202,250
Interest-bearing bank borrowings		<u>434,781</u>	<u>546,785</u>
Total current liabilities		<u>2,144,429</u>	<u>1,964,025</u>
NET CURRENT ASSETS		<u>1,824,076</u>	<u>1,090,969</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,745,668	3,878,374
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		812,769	557,791
Deferred tax		<u>16,614</u>	<u>5,560</u>
Total non-current liabilities		<u>829,383</u>	<u>563,351</u>
Net assets		<u><u>3,916,285</u></u>	<u><u>3,315,023</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		66,356	66,314
Reserves		3,421,246	2,982,853
Proposed final dividend		<u>331,750</u>	<u>198,913</u>
		3,819,352	3,248,080
Minority interests		<u>96,933</u>	<u>66,943</u>
Total equity		<u><u>3,916,285</u></u>	<u><u>3,315,023</u></u>

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, the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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 2007, except in relation to the following new and revised HKFRSs that affect the Group and are adopted for the first time for the current year's financial statements:

HKFRS 7	Financial Instruments: Disclosures
HKAS 1 Amendment	Capital Disclosures
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions

The adoption of the above new and revised HKFRSs has had no material effect on the Group's consolidated financial statements.

3. Segment information

Segment information is presented by way of two segment formats: (i) on a primary segment reporting basis, by business segment; and (ii) on a secondary segment reporting basis, by geographical segment.

The Group's operating businesses are structured and managed separately according to the nature of their operations and the products and services they provide. Each of the Group's business segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of the other business segments. Summary details of the business segments are as follows:

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

In determining the Group's geographical segments, revenues are attributed to the segments based on the location of the markets, and assets are attributed to the segments based on the location of the assets.

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) *Business segments*

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments for the years ended 31 March 2008 and 31 March 2007:

	Production, dyeing and sale of knitted fabric and yarn		Casual apparel and accessory retailing and distribution		Others		Eliminations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Segment revenue:										
Sales to external customers	5,385,818	4,627,285	4,239,115	3,625,217	44,273	46,050	-	-	9,669,206	8,298,552
Intersegment sales	200	-	-	-	2,338	2,591	(2,538)	(2,591)	-	-
Other revenue	77,092	76,909	21,507	23,049	23,158	17,181	-	-	121,757	117,139
Total	<u>5,463,110</u>	<u>4,704,194</u>	<u>4,260,622</u>	<u>3,648,266</u>	<u>69,769</u>	<u>65,822</u>	<u>(2,538)</u>	<u>(2,591)</u>	<u>9,790,963</u>	<u>8,415,691</u>
Segment results	<u>910,191</u>	<u>664,239</u>	<u>241,766</u>	<u>20,819</u>	<u>32,683</u>	<u>34,197</u>	<u>(5,221)</u>	<u>3,475</u>	<u>1,179,419</u>	<u>722,730</u>
Interest income									14,957	11,728
Finance costs									(42,884)	(49,801)
Share of profit of an associate, net of tax									62,483	48,211
Profit before tax									1,213,975	732,868
Tax									(254,843)	(107,047)
Profit for the year									<u>959,132</u>	<u>625,821</u>

(a) Business segments (continued)

	Production, dyeing and sale of knitted fabric and yarn		Casual apparel and accessory retailing and distribution		Others		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007	2008	2007
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities										
Segment assets	4,896,238	4,700,738	1,623,903	1,548,541	184,056	78,958	(507,814)	(686,608)	6,196,383	5,641,629
Interest in an associate									104,764	121,464
Unallocated assets									588,950	79,306
Total assets									6,890,097	5,842,399
Segment liabilities	739,241	657,771	1,082,626	1,137,684	77,372	103,447	(502,247)	(678,351)	1,396,992	1,220,551
Unallocated liabilities									1,576,820	1,306,825
Total liabilities									2,973,812	2,527,376
Other segment information:										
Depreciation and amortisation	197,699	171,618	122,272	120,083	1,629	1,882	-	-	321,600	293,583
Capital expenditure	215,752	467,653	76,180	141,273	50	355	-	-	291,982	609,281
Other non-cash expenses	11,066	41,611	3,646	3,151	94	46	-	-	14,806	44,808
Changes in fair value of investment properties	-	-	872	-	-	(460)	-	-	872	(460)

(b) *Geographical segments*

The following tables present revenue and certain asset and expenditure information for the Group's geographical segments for the years ended 31 March 2008 and 31 March 2007:

	USA		Mainland China		Japan		Hong Kong		Others		Eliminations		Consolidated	
	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000	2008 HK\$'000	2007 HK\$'000
Segment revenue:														
Sales to external customers	<u>3,992,821</u>	<u>3,622,174</u>	<u>3,194,361</u>	<u>2,489,632</u>	<u>690,033</u>	<u>513,083</u>	<u>564,967</u>	<u>627,887</u>	<u>1,227,024</u>	<u>1,045,776</u>	<u>-</u>	<u>-</u>	<u>9,669,206</u>	<u>8,298,552</u>
Other segment information:														
Segment assets	-	-	6,199,324	7,162,705	-	-	4,413,964	3,474,714	323,159	396,839	(4,046,350)	(5,191,859)	6,890,097	5,842,399
Capital expenditure	<u>-</u>	<u>-</u>	<u>259,519</u>	<u>541,744</u>	<u>-</u>	<u>-</u>	<u>18,356</u>	<u>12,466</u>	<u>14,107</u>	<u>55,071</u>	<u>-</u>	<u>-</u>	<u>291,982</u>	<u>609,281</u>

4. Depreciation and amortisation

	Year ended 31 March	
	2008 HK\$'000	2007 HK\$'000
Amortisation of prepaid land lease payments	651	644
Depreciation	<u>320,949</u>	<u>292,939</u>
Total depreciation and amortisation	<u>321,600</u>	<u>293,583</u>

5. Tax

Hong Kong profits tax has been provided at the rate of 17.5% (2007: 17.5%) 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 locations in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	Year ended 31 March	
	2008 HK\$'000	2007 HK\$'000
Hong Kong and the Mainland China taxes:		
Current year provision	113,647	76,443
Underprovision in prior years	130,142	28,632
Deferred tax	<u>11,054</u>	<u>1,972</u>
Tax charge for the year	<u>254,843</u>	<u>107,047</u>

Details of the underprovision of Hong Kong and Mainland China taxes in prior years were set out below and in note 9(c), respectively.

During the year, the Guangzhou Municipal Office of the State Administration of Taxation (the "SAT Guangzhou Office") of the People's Republic of China conducted a review on the transfer pricing policy of a subsidiary of the Group's retail and distribution operation in the Mainland China for the years 1997 to 2005. As a result of the review, the Group was required to pay approximately RMB 61,000,000 of additional Foreign Enterprise Income Tax for the years 1997 to 2005. As at 31 March 2008, the directors of the subsidiary believe that appropriate tax provision has been provided.

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

(a) Basic earnings per share

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

(b) *Diluted earnings per share*

The calculation of diluted earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the ordinary shares in issue during the 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 or conversion of all dilutive potential ordinary shares into ordinary shares.

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

	Year ended 31 March	
	2008	2007
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>926,351</u>	<u>625,148</u>
	Number of shares	
	2008	2007
Shares		
Weighted average number of shares in issue during the year used in the basic earnings per share calculation	1,326,957,809	1,326,288,104
Effect of dilution - weighted average number of ordinary shares:		
Share options	<u>7,338,817</u>	<u>1,502,978</u>
	<u>1,334,296,626</u>	<u>1,327,791,082</u>

7. Trade and bills receivables

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date and net of impairment, is as follows:

	At 31 March	
	2008	2007
	HK\$'000	HK\$'000
Within 90 days	1,005,532	1,037,043
Over 90 days	<u>12,353</u>	<u>53,344</u>
	<u>1,017,885</u>	<u>1,090,387</u>

Payment terms of the Group's customers mainly range from "cash before delivery" to "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. Trade receivables are non-interest-bearing.

8. Trade and bills payables

An aged analysis of the trade and bills payables as at balance sheet date, based on the invoice date, is as follows:

	At 31 March	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 90 days	991,992	921,419
Over 90 days	<u>1,869</u>	<u>29,499</u>
	<u>993,861</u>	<u>950,918</u>

9. Contingent liabilities

(a) At the balance sheet date, contingent liabilities not provided for in the financial statements were as follows:

	At 31 March	
	2008	2007
	<i>HK\$'000</i>	<i>HK\$'000</i>
Bank guarantees given in lieu of property rental deposits	3,280	4,823
Guarantees of banking facilities granted to an associate	<u>12,500</u>	<u>12,500</u>

(b) A subsidiary of the Group in Taiwan is currently subject to a claim from the National Tax Authority (the "NTA") of Taiwan for the underpayment of business tax on sales made through certain local stores in Taiwan during the period from November 1998 to December 2002 together with penalties, of NTD50,219,000 in aggregate (equivalent to HK\$12,857,000). An amendment letter against the claims was filed by the local tax representative of the subsidiary in a prior year. The directors, based on the advice from the local tax representative of the subsidiary, consider that the subsidiary has a valid ground to object the claims from the NTA, and accordingly, the Group has not made any provision for the tax claim as at 31 March 2008 (2007: Nil).

(c) During the year ended 31 March 2007, the Hong Kong Inland Revenue Department (the "IRD") initiated a review on the tax affairs for the past years of certain subsidiaries of the Group. In March 2007, protective tax assessments totalling HK\$322,038,000 for the year of assessment 2000/2001 have been issued by the IRD. In March 2008, protective tax assessments totalling HK\$224,000,000 for the year of assessment 2001/2002 have been issued by the IRD. Objections have been raised by the Group against the protective tax assessments. The directors of the subsidiaries believe that there are valid grounds to object the tax claimed. Subsequent to the objections, the IRD agreed to hold over the tax claimed completely subject to the purchase of tax reserve certificates of HK\$40,000,000

and HK\$35,000,000 for the years of assessment 2000/2001 and 2001/2002 respectively. In view that the tax review is only at the initial stage, there are still certain uncertainty about the outcome of the case. Up to the date of approval of these financial statements, the directors of the subsidiaries consider that adequate tax provision has been made in the financial statements.

FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK25.0 cents (2007: HK15.0 cents) per ordinary share which, together with the interim dividend of HK18.0 cents (2007: HK12.0 cents) per ordinary share paid in February 2008, will make a total dividend of HK43.0 cents (2007: HK27.0 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, 9 October 2008 to the shareholders registered on the Register of Members on Thursday, 28 August 2008.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 21 August 2008 to Thursday, 28 August 2008 (both days inclusive), 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 2008 and for attending the Annual General Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate transfer forms must be lodged with the Company's Branch Registrar 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 Wednesday, 20 August 2008.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business Review

For this fiscal year ended 31 March 2008, the Group's total turnover increased by 17%, to HK\$9,669 million (2007: HK\$8,299 million). Profit for the year attributable to the equity holders of the Company amounted to HK\$926 million (2007: HK\$625 million), an increase of 48% over last year. The Group's gross profit margin increased by 1.7% to 33.5% (2007: 31.8%). The Board has recommended a final dividend of HK25.0 cents (2007: HK15.0 cents) per ordinary share. Including interim dividend, total dividend per ordinary share amounts to HK43.0 cents, an increase of 59% over last year's HK27.0cents.

Textile business

Turnover of the fabric business grew by 16% to HK\$5,386 million (2007: HK\$4,627 million). The sum represented 56% of the Group's total turnover. In the period, industry consolidation was going on which provided a more favourable business environment for the Group. Raw material prices were stable, but other production costs increased due to upsurge of fuel prices, wage inflation, the reduction in VAT export refund and the appreciation of Renminbi. The Group was able to raise the average selling price to protect the profit margin. Gross profit margin for this year increased by 2.2% to 21.3% (2007: 19.1%). Production capacity increased by about 15% in the period to capture greater market share and maximize operating efficiency. The business performance and the key financial ratios were as below:

<i>(in HK\$ million)</i>	2008	2007	2006	2005	2004
Net sales	5,386	4,627	4,258	4,109	3,627
Gross profit margin (%)	21.3	19.1	18.0	16.8	16.9
Operating profit (<i>note</i>)	910	664	503	426	374
EBITDA (<i>note</i>)	1,108	837	665	571	489
Return on total assets (%) (<i>note</i>)	14.8	13.7	11.0	10.7	10.0
Return on sales (%) (<i>note</i>)	15.4	14.5	12.2	10.5	10.7
Return on equity (%) (<i>note</i>)	22.5	20.5	18.1	16.8	16.0
Capital expenditure	216	468	148	392	469

Note: Exclude interest income and rental income.

Retail and distribution business

Sales of the business amounted to HK\$4,239 million (2007: HK\$3,625 million), an increase of 17%, and represented 44% of the Group's total turnover. The operation continued to achieve improved results. In the period, 130 new outlets were added in the focus Mainland China market. Store expansion was slowed down and greatest effort was placed to improve the store performance. Average selling price was increased to widen the profit margin. Gross profit margin increased by 1.3% to 49.1% (2007: 47.8%). At the year end:

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

<i>(in HK\$ million)</i>	2008	2007	2006	2005	2004
Net sales	4,239	3,625	3,444	3,146	2,548
Gross profit margin (%)	49.1	47.8	46.5	46.8	46.7
Sales growth of					
comparable shops (%) (<i>note 1</i>)	21.4	2.9	(7.0)	0.1	1.9
Operating profit (<i>note 2</i>)	242	21	(55)	65	126
EBITDA (<i>note 2</i>)	364	147	62	151	186
Return on total assets (%) (<i>note 2</i>)	2.1	(0.4)	(3.6)	1.9	5.5
Return on sales (%) (<i>note 2</i>)	0.8	(0.4)	(2.8)	1.5	4.1
Return on equity (%) (<i>note 2</i>)	26.2	(9.1)	(77.5)	21.8	59.8
Capital expenditure	76	141	203	233	150

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

(2) Exclude interest income and rental income.

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

<i>(in HK\$ million)</i>	2008	2007	2006	2005	2004
Baleno	1,589	1,584	1,596	1,497	1,285
S&K	826	601	563	586	464
I.P. Zone	528	441	361	302	196
ebase	462	398	399	337	203
Others	834	601	525	424	400
Total	<u>4,239</u>	<u>3,625</u>	<u>3,444</u>	<u>3,146</u>	<u>2,548</u>

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

Mainland China	2008	2007	2006	2005	2004
Net sales (<i>HK\$ million</i>)	3,124	2,431	2,219	1,963	1,598
Increase in net sales (%)	29	10	13	23	12
Retail floor area (<i>sq. ft.</i>)* #	1,692,967	1,672,807	1,601,473	1,322,547	621,294
Number of sales associates*#	10,442	11,089	10,119	10,534	6,395
Number of outlets*▲	3,477	3,347	3,143	2,837	1,750
Hong Kong and Macau	2008	2007	2006	2005	2004
Net sales (<i>HK\$ million</i>)	404	476	496	463	393
Increase / (decrease) in net sales (%)	(15)	(4)	7	18	19
Retail floor area (<i>sq. ft.</i>)* #	63,957	74,907	78,285	81,442	64,930
Number of sales associates*#	396	447	624	536	382
Number of outlets*#	70	87	94	85	62
Taiwan	2008	2007	2006	2005	2004
Net sales (<i>HK\$ million</i>)	397	427	513	557	440
Increase / (decrease) in net sales (%)	(7)	(17)	(8)	27	38
Retail floor area (<i>sq. ft.</i>)* #	199,443	202,080	208,925	219,625	150,965
Number of sales associates*#	474	528	603	706	614
Number of outlets*▲	217	259	266	270	196
Singapore	2008	2007	2006	2005	2004
Net sales (<i>HK\$ million</i>)	233	221	175	154	117
Increase in net sales (%)	5	26	14	32	83
Retail floor area (<i>sq. ft.</i>)* #	43,149	61,601	55,781	32,548	31,289
Number of sales associates*#	318	456	408	289	234
Number of outlets*#	44	64	56	43	32
Malaysia	2008	2007	2006	2005	2004
Net sales (<i>HK\$ million</i>)	81	70	41	9	N/A
Increase in net sales (%)	16	71	356	N/A	N/A
Retail floor area (<i>sq. ft.</i>)*#	44,630	59,170	36,681	17,200	N/A
Number of sales associates*#	149	243	155	66	N/A
Number of outlets*#	20	30	20	31	N/A

* As at 31 March

For self-managed stores

▲ Include self-managed and franchise stores

Garment manufacturing business

Turnover of this associate grew 18% to HK\$1,221 million (2007: HK\$1,036 million). Net profit contribution to the Group amounted to HK\$62 million (2007: HK\$48 million), an increase of 29%. In the period, about 73% (2007: 63%) of the fabric purchased was supplied by our fabric division and sales to our retail division accounted for about 20% (2007: 17%) of its revenue

Financial Condition

Liquidity and financial resources

The Group continued to maintain a strong financial position. The current ratio, the total bank debts and the gearing ratio as at the year end were 1.9, HK\$1,248 million and 0.1 (31 March 2007 : 1.6, HK\$1,105 million and 0.3), respectively. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and cash equivalents, to total shareholders' equity. The net cash inflow from operating activities for the year was HK\$1,131 million (2007: HK\$598 million). The surge in the net cash inflow was mainly due to the drastic growth in the sales and gross profit of the textile business and the retail and distribution business and the reduction of the trade and bills receivables to turnover (days) by 9 days to 39 days (2007 : 48 days) compared with last year.

The interest cover and the inventory to turnover for the year under review were 29 times and 60 days. (2007: 16 times and 57 days) respectively. The Group mainly financed its operation by cash inflow from its operating activities and bank borrowings. At the balance sheet date, the cash and cash equivalents, the equity attributable to equity holders of the Company and the unutilized banking facilities were HK\$818 million, HK\$3,819 million and HK\$3,347 million (2007: HK\$245 million, HK\$3,248 million and HK\$2,820 million) respectively.

Capital expenditure

Total capital expenditure of the Group for the year amounted to HK\$292 million (2007: HK\$609 million), of which HK\$216 million (2007: HK\$468 million) was incurred by the textile business for the expansion of its production capacity to meet the continuous increase in customer demand. The decrease in the capital expenditure during the year was due to the completion of construction and addition of machinery for the second phase of the spinning factory in last year. For the retail and distribution business, the management has been focusing more on the development of the existing retail network to improve the same-store growth, thus the capital expenditure incurred by this business decreased by HK\$65 million to HK\$76 million (2007: HK\$141 million) compared with last year.

Pledge of assets

No significant assets were pledged as at 31 March 2007 and 31 March 2008.

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 HIBOR based Hong Kong dollar borrowings with maturity due within five years. The Group will continue to monitor the change in the interest rate and arrange appropriate financial instruments to hedge its interest rate risks whenever needed.

During the year, the major revenues, expenses and procurements of the Group were denominated in HKD, USD, Renminbi, Yen, and NTD. The Group had arranged forward exchange contracts to reduce its currency exchange risk.

Human Resources

As at 31 March 2008, the Group had about 25,200 (2007: 23,400) employees in the Greater China, Singapore and Malaysia. The remuneration of the employees was largely based on industry practice and the performance of individual employee

Outlook

In the coming year, the Group will continue a moderate expansion in all textile, garment and retail sections to extend market share and to pursue optimum operating efficiency. Total capital expenditure will be about HK\$300 million. Cash inflow is anticipated to be strong, thus dividend payout ratio will still be at a high level.

The Group is at a good bargaining position in pricing to protect its profit growth. It will also maintain solid cost control to enhance profit return. In the coming year, the Group will face more challenges caused by the global inflation. However, the Group maintains an extremely optimistic view on its business performance for the next financial year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Since the grant of the share repurchase mandate in the last annual general meeting, the Company has made the following share repurchases of its own shares on the Stock Exchange :-

<u>Date</u>	<u>Number of shares repurchased</u>	<u>Price per share</u>		<u>Aggregate consideration</u> <i>HK\$</i>
		<u>Highest</u> <i>HK\$</i>	<u>Lowest</u> <i>HK\$</i>	
8 June 2007	526,000	5.40	5.36	2,848,000
25 March 2008	402,000	5.65	5.53	2,259,000
26 March 2008	82,000	5.65	5.65	465,000
27 March 2008	150,000	5.65	5.55	845,000
28 March 2008	<u>76,000</u>	5.59	5.52	<u>425,000</u>
Total	<u>1,236,000</u>			<u>6,842,000</u>

The repurchases were effected by the directors pursuant to the general mandate granted with a view to benefit the shareholders as a whole by enhancing the net assets, and/or earnings per share of the Company. All shares repurchased were subsequently cancelled.

Saved as disclosed herein, neither the Company nor any of its subsidiary companies purchased, sold or redeemed any of the listed securities of the Company.

AUDIT COMMITTEE

The Company has established an audit committee (the “Committee”) in compliance with Rule 3.21 of the Listing Rules. The members of the Committee comprise the three independent non-executive directors of the Group, Messrs. Wong Tze Kin, David, Au Son Yiu, and Cheng Shu Wing. The Committee is chaired by Mr. Wong Tze Kin, David, a qualified accounting professional.

The terms of reference and duties have been laid down as guidelines for the Committee. The principal duties of the Committee include the review and supervision of the financial reporting processes and internal controls of the Group. During the year, the Committee held two meetings to review the internal controls and financial reporting matters and provide recommendations to the board of directors. For this fiscal year, the 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 the code provisions set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Listing Rules throughout the year, except for the following deviations:

- (1) Under code provision A.1.1 of the Code, board meetings should be held at least four times a year at approximately quarterly intervals.

As the Board has planned the objectives, strategies, policies and risk management, the Board held three meetings during the year to discuss the dividend declaration, the internal control findings and recommendations of the Audit Committee and the Remuneration Committee.

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

All the existing non-executive directors of the Company are not appointed for specific term, but are subject to retirement and re-election at the Company's annual general meeting in accordance with Clause 86(1) of the bye-laws of the Company.

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

The Company does not have a policy of separating the roles of chairman and chief executive officer of the Board. The Board considers that the current arrangement can help maintaining a strong management position and at the same time improve the communication efficiency. The Board may consider the separation of the roles of chairman and chief executive officer upon the then circumstances.

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

The chairman of the Board of the Company 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 business segment of the Group.

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 Messrs. Poon Bun Chak, Poon Kai Chak, Poon Kei Chak, Poon Kwan Chak, Ting Kit Chung and the independent non-executive directors are Messrs. Au Son Yiu, Cheng Shu Wing and Wong Tze Kin, David.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for 2007/2008 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 “Financial Results Publication” in due course.

By Order of the Board
Poon Bun Chak
Chairman

Hong Kong, 18 July 2008