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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 2009

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 2009 with the comparative figures of last year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2009	2008
	Notes	HK\$'000	HK\$'000
REVENUE	3	9,997,737	9,669,206
Cost of sales		<u>(6,701,346)</u>	<u>(6,429,104)</u>
Gross profit		3,296,391	3,240,102
Other income and gains		187,064	136,714
Selling and distribution costs		(1,787,389)	(1,652,477)
Administrative expenses		(692,059)	(521,980)
Other operating expenses, net		(4,079)	(7,983)
Finance costs		(40,855)	(42,884)
Share of profit of an associate, net of tax		<u>53,499</u>	<u>62,483</u>
PROFIT BEFORE TAX	3	1,012,572	1,213,975
Tax	5	(121,448)	<u>(254,843)</u>
PROFIT FOR THE YEAR		<u>891,124</u>	<u>959,132</u>

* For identification purpose only

Attributable to:		
Equity holders of the Company	860,357	926,351
Minority interests	30,767	32,781
	<u>891,124</u>	<u>959,132</u>

DIVIDENDS

Interim	238,940	239,132
Proposed final	291,986	331,750
	<u>530,926</u>	<u>570,882</u>

**EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY
EQUITY HOLDERS OF THE COMPANY (HK cents) 6**

Basic	<u>64.8</u>	<u>69.8</u>
Diluted	<u>N/A</u>	<u>69.4</u>

CONSOLIDATED BALANCE SHEET

		31 March	
		2009	2008
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,308,792	2,367,458
Investment properties		120,199	123,208
Prepaid land lease payments		24,422	24,810
Construction in progress		119,283	148,701
Trademarks		33,293	33,293
Interest in an associate		111,271	104,764
Held-to-maturity investments		70,056	-
Long term rental deposits		93,979	119,358
		<u>2,881,295</u>	<u>2,921,592</u>
Total non-current assets			
CURRENT ASSETS			
Inventories		1,656,095	1,587,075
Trade and bills receivables	7	919,511	1,017,885
Prepayments, deposits and other receivables		471,346	483,593
Held-to-maturity investments		20,987	-
Derivative financial assets		41,920	62,335
Cash and cash equivalents		800,800	817,617
		<u>3,910,659</u>	<u>3,968,505</u>
Total current assets			
CURRENT LIABILITIES			
Due to an associate		11,231	20,141
Trade and bills payables	8	958,516	993,861
Other payables and accrued liabilities		303,073	363,552
Derivative financial liabilities		12,188	19,438
Tax payable		300,084	312,656
Interest-bearing bank borrowings		398,930	434,781
		<u>1,984,022</u>	<u>2,144,429</u>
Total current liabilities			
NET CURRENT ASSETS		<u>1,926,637</u>	<u>1,824,076</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,807,932	4,745,668
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		506,914	812,769
Deferred tax		26,230	16,614
		<u>533,144</u>	<u>829,383</u>
Total non-current liabilities			
Net assets		<u>4,274,788</u>	<u>3,916,285</u>

EQUITY

Equity attributable to equity holders of the Company

Issued capital	66,360	66,356
Reserves	3,779,617	3,421,246
Proposed final dividend	<u>291,986</u>	<u>331,750</u>
	4,137,963	3,819,352
Minority interests	<u>136,825</u>	<u>96,933</u>
Total equity	<u>4,274,788</u>	<u>3,916,285</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 2008, 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:

HKAS 39 & HKFRS 7 Amendments	<i>Amendments to HKAS 39 Financial Instruments: Recognition and Measurement and HKFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets</i>
HK(IFRIC)-Int 11	<i>HKFRS 2 – Group and Treasury Share Transactions</i>
HK(IFRIC)-Int 12	<i>Service Concession Arrangements</i>
HK(IFRIC)-Int 14	<i>HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction</i>

The adoption of the new interpretations and amendments above has no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these 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 motor and generator repair and maintenance services 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 assets, liabilities and expenditure information for the Group's business segments for the years ended 31 March 2009 and 31 March 2008:

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Segment revenue:										
Sales to external customers	5,058,110	5,385,818	4,900,311	4,239,115	39,316	44,273	-	-	9,997,737	9,669,206
Intersegment sales	-	200	-	-	4,744	2,338	(4,744)	(2,538)	-	-
Other revenue	66,125	77,092	56,439	21,507	9,449	23,158	-	-	132,013	121,757
Total	5,124,235	5,463,110	4,956,750	4,260,622	53,509	69,769	(4,744)	(2,538)	10,129,750	9,790,963
Segment results	775,955	910,191	160,057	241,766	9,467	32,683	(602)	(5,221)	944,877	1,179,419
Interest income									55,051	14,957
Finance costs									(40,855)	(42,884)
Share of profit of an associate, net of tax									53,499	62,483
Profit before tax									1,012,572	1,213,975
Tax									(121,448)	(254,843)
Profit for the year									891,124	959,132

(a) Business segments (continued)

Group

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	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	4,763,420	4,896,238	1,657,452	1,623,903	178,805	184,056	(523,820)	(507,814)	6,075,857	6,196,383
Interest in an associate									111,271	104,764
Unallocated assets									604,826	588,950
Total assets									6,791,954	6,890,097
Segment liabilities	565,173	739,241	1,162,637	1,082,626	73,834	77,372	(516,635)	(502,247)	1,285,009	1,396,992
Unallocated liabilities									1,232,157	1,576,820
Total liabilities									2,517,166	2,973,812
Other segment information:										
Depreciation and amortisation	215,974	197,699	118,847	122,272	1,721	1,629	-	-	336,542	321,600
Capital expenditure	104,362	215,752	107,346	76,180	4,421	50	-	-	216,129	291,982
Other non-cash expenses	12,834	11,066	2,214	3,646	178	94	-	-	15,226	14,806
Changes in fair value of investment properties	(5,028)	-	2,155	872	-	-	-	-	(2,873)	872

(b) Geographical segments

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments for the years ended 31 March 2009 and 31 March 2008:

	USA		Mainland China		Japan		Hong Kong		Others		Eliminations		Consolidated	
	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000	2009 HK\$'000	2008 HK\$'000
Segment revenue:														
Sales to external customers	<u>3,633,173</u>	<u>3,992,821</u>	<u>3,931,690</u>	<u>3,194,361</u>	<u>855,595</u>	<u>690,033</u>	<u>590,247</u>	<u>564,967</u>	<u>987,032</u>	<u>1,227,024</u>	<u>-</u>	<u>-</u>	<u>9,997,737</u>	<u>9,669,206</u>
Other segment information:														
Segment assets	-	-	6,634,319	6,199,324	-	-	3,893,958	4,413,964	326,962	323,159	(4,039,285)	(4,046,350)	6,815,954	6,890,097
Capital expenditure	<u>-</u>	<u>-</u>	<u>196,641</u>	<u>259,519</u>	<u>-</u>	<u>-</u>	<u>10,693</u>	<u>18,356</u>	<u>8,795</u>	<u>14,107</u>	<u>-</u>	<u>-</u>	<u>216,129</u>	<u>291,982</u>

4. Depreciation and amortisation

	Year ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Amortisation of prepaid land lease payments	664	651
Depreciation	<u>335,878</u>	<u>320,949</u>
Total depreciation and amortisation	<u><u>336,542</u></u>	<u><u>321,600</u></u>

5. Tax

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 17.5%) on the estimated assessable profits arising in Hong Kong during the year. The lower Hong Kong profits tax rate is effective from the year of assessment 2008/2009, and so is applicable to the assessable profits arising in Hong Kong for the whole year ended 31 March 2009. 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	
	2009	2008
	HK\$'000	HK\$'000
Hong Kong and the Mainland China taxes:		
Current year provision	112,354	113,647
(Over)/under-provision in prior years	(522)	130,142
Deferred tax	<u>9,616</u>	<u>11,054</u>
Tax charge for the year	<u><u>121,448</u></u>	<u><u>254,843</u></u>

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

During the year ended 31 March 2008, 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 RMB61,000,000 of additional Foreign Enterprise Income Tax for the years 1997 to 2005. As at 31 March 2009, 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 the 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 the 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 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 followings:

	Year ended 31 March	
	2009	2008
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	860,357	926,351
Shares		
Number of shares		
	2009	2008
Weighted average number of shares in issue during the year used in the basic earnings per share calculation	1,327,029,255	1,326,957,809
Effect of dilution - weighted average number of ordinary shares:		
Share options	<u>N/A*</u>	<u>7,338,817</u>
	<u>N/A*</u>	<u>1,334,296,626</u>

* No diluted earnings per ordinary share is presented for the year ended 31 March 2009 since the exercise price of the share options of the Company outstanding during the year is higher than the average market price of the Company's ordinary shares and, accordingly, they have no dilutive effect on the basic earnings per ordinary share.

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:

	31 March	
	2009	2008
	HK\$'000	HK\$'000
Within 90 days	899,897	1,005,532
Over 90 days	19,614	12,353
	<u>919,511</u>	<u>1,017,885</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:

	31 March	
	2009	2008
	HK\$'000	HK\$'000
Within 90 days	883,876	991,992
Over 90 days	<u>74,640</u>	<u>1,869</u>
	<u>958,516</u>	<u>993,861</u>

9. Contingent liabilities

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

	31 March	
	2009	2008
	HK\$'000	HK\$'000
Bank guarantees given in lieu of property rental deposits	2,567	3,280
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 NTD 50,219,000 in aggregate (equivalent to HK\$11,476,000). The case was handled by the Taipei High Administrative Court, which ordered a judgment in favour of the NTA in June 2009. The directors, based on the advice from the local tax representative of the subsidiary, consider that the subsidiary has a valid ground to appeal against the latest decision of the court, and accordingly, the Group has not made any provision for the tax claim as at 31 March 2009 (2008: 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 and 2009, protective tax assessments totalling HK\$224,000,000 and HK\$275,000,000 for the years of assessment 2001/2002 and 2002/2003, respectively, 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 in the sum of HK\$40,000,000, HK\$35,000,000 and HK\$25,000,000 for the years of assessment 2000/2001, 2001/2002 and 2002/2003, respectively. In view that the tax review is still in progress, 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 HK22.0 cents (2008: HK25.0 cents) per ordinary share which, together with the interim dividend of HK18.0 cents (2008: HK18.0 cents) per ordinary share paid in January 2009, will make a total dividend of HK40.0 cents (2008: HK43.0 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, 8 October 2009 to the shareholders registered on the Register of Members on Thursday, 20 August 2009.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 13 August 2009 to Thursday, 20 August 2009 (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 2009 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, 12 August 2009.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For this financial year ended 31 March 2009, the Group's total revenue increased by 3.4%, to HK\$9,998 million (2008 : HK\$9,669 million). Profit for the year attributable to the equity holders of the Company amounted to HK\$860 million (2008 : HK\$926 million), a decrease of 7.1% from last year. The Group's gross profit margin decreased very slightly by 0.5% to 33.0% (2008 : 33.5%). In the year, the net foreign exchange gains dropped to HK\$1 million from last year's HK\$200 million due to the stronger U.S. dollar. The Board has recommended a final dividend of HK22.0 cents (2008 : HK25.0 cents) per ordinary share. Including interim dividend, total dividend per ordinary share would be HK40.0 cents, a decrease of 7.0% from last year's HK43.0 cents.

Textile business

Sales of the fabric business dropped by 6.1% to HK\$5,058 million (2008 : HK\$5,386 million). The amount represented 50.6% of the Group's total turnover. Cotton prices were down by about 10% in the period due to the unfavourable economic situation. In the first half, the gross profit margin was unfavourable mainly because of the unexpected upsurge of fuel costs. Order flow was sluggish in the third quarter due to the global financial tsunami. Since early 2009, the Group has seen a gradual business recovery. Gross profit margin was improved in the last quarter of the financial year mainly due to the decrease of operating costs. Production capacity grew by about 12% in the year. The performance and the key financial ratios of this business were as below :

<i>(in HK\$'million)</i>	2009	2008	2007	2006	2005
Net sales	5,058	5,386	4,627	4,258	4,109
Gross profit margin (%)	21.2	21.3	19.1	18.0	16.8
Operating profit <i>(note)</i>	776	910	664	503	426
EBITDA <i>(note)</i>	992	1,108	837	665	571
Return on total assets (%) <i>(note)</i>	13.7	14.8	13.7	11.0	10.7
Return on sales (%) <i>(note)</i>	15.1	15.4	14.5	12.2	10.5
Return on equity (%) <i>(note)</i>	18.9	22.5	20.5	18.1	16.8
Capital expenditure	104	216	468	148	392

Note: Exclude interest income and rental income

Retail and distribution business

Turnover of the business amounted to HK\$4,900 million (2008 : HK\$4,239 million), a growth of 15.6%, and accounted for 49.0% of the Group's total turnover. Business performance was adversely affected by global financial crisis in the second half of the financial year. In view of weakened market conditions, stringent inventory control was exercised to maintain a healthy balance sheet. In the year, gross profit margin dropped to 45.3% from last year's 49.1%. The Mainland China remained the focus of expansion, with 351 new outlets added in the period. On the other hand, 53 stores were reduced in other Asian areas. At the year end :

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

<i>(in HK\$'million)</i>	2009	2008	2007	2006	2005
Net sales	4,900	4,239	3,625	3,444	3,146
Gross profit margin (%)	45.3	49.1	47.8	46.5	46.8
Sales growth of comparable shops (%) <i>(note 1)</i>	6.5	21.4	2.9	(7.0)	0.1
Operating profit <i>(note 2)</i>	160	242	21	(55)	65
EBITDA <i>(note 2)</i>	279	364	147	62	151
Return on total assets (%) <i>(note 2)</i>	5.5	2.1	(0.4)	(3.6)	1.9
Return on sales (%) <i>(note 2)</i>	1.3	0.8	(0.4)	(2.8)	1.5
Return on equity (%) <i>(note 2)</i>	23.5	26.2	(9.1)	(77.5)	21.8
Capital expenditure	107	76	141	203	233

Notes: (1) Comparable shops of a year include shops with full year 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>	2009	2008	2007	2006	2005
Baleno	2,311	1,589	1,584	1,596	1,497
S&K	809	826	601	563	586
I.P. Zone	639	528	441	361	302
ebase	383	462	398	399	337
Others	758	834	601	525	424
Total	<u>4,900</u>	<u>4,239</u>	<u>3,625</u>	<u>3,444</u>	<u>3,146</u>

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

Mainland China

	2009	2008	2007	2006	2005
Net sales <i>(HK\$'million)</i>	3,834	3,124	2,431	2,219	1,963
Increase in net sales (%)	23	29	10	13	23
Retail floor area <i>(sq. ft.)*#</i>	1,866,008	1,692,967	1,672,807	1,601,473	1,322,547
Number of sales associates*#	10,701	10,442	11,089	10,119	10,534
Number of outlets* [△]	3,828	3,477	3,347	3,143	2,837

Hong Kong and Macau

	2009	2008	2007	2006	2005
Net sales (<i>HK\$'million</i>)	402	404	476	496	463
Increase/(decrease) in net sales (%)	(1)	(15)	(4)	7	18
Retail floor area (<i>sq. ft.</i>)*#	56,131	63,957	74,907	78,285	81,442
Number of sales associates *#	398	396	447	624	536
Number of outlets *#	65	70	87	94	85

Taiwan

	2009	2008	2007	2006	2005
Net sales (<i>HK\$'million</i>)	426	397	427	513	557
Increase/(decrease) in net sales (%)	7	(7)	(17)	(8)	27
Retail floor area (<i>sq. ft.</i>)*#	187,230	199,443	202,080	208,925	219,625
Number of sales associates*#	438	474	528	603	706
Number of outlets * [△]	194	217	259	266	270

Singapore

	2009	2008	2007	2006	2005
Net sales (<i>HK\$'million</i>)	166	233	221	175	154
Increase/(decrease) in net sales (%)	(29)	5	26	14	32
Retail floor area (<i>sq. ft.</i>)*#	24,877	43,149	61,601	55,781	32,548
Number of sales associates*#	157	318	456	408	289
Number of outlets*#	23	44	64	56	43

Malaysia

	2009	2008	2007	2006	2005
Net sales (<i>HK\$'million</i>)	72	81	70	41	9
Increase/(decrease) in net sales (%)	(11)	16	71	356	N/A
Retail floor area (<i>sq. ft.</i>)*#	33,185	44,630	59,170	36,681	17,200
Number of sales associates*#	134	149	243	155	66
Number of outlets*#	16	20	30	20	31

* As at 31 March

For self-managed stores

△ Including self-managed and franchise stores

Garment manufacturing business

Sales of this associate grew 18.2% to HK\$1,443 million (2008 : HK\$1,221 million). Net profit contributions to the Group amounted to HK\$53 million (2008 : HK\$62 million), a decrease of 14.5%. In the fiscal year, 67.7% (2008 : 72.8%) of the fabric consumed was supplied by the Group's fabric division and sales to our retail division accounted for 23.6% (2008 : 19.7%) of its revenue. Business performance was generally stable in the period. Gross profit margin was down to 13.3% from last year's 14.4% mainly due to a more competitive business environment.

FINANCIAL CONDITION

Liquidity and financial resources

The Group continued to maintain a healthy financial position. The current ratio, the total bank debts and the gearing ratio at the year end were 2.0, HK\$906 million and 0.0 (2008: 1.9, HK\$1,248 million and 0.1) respectively. The gearing ratio refers to the ratio of 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\$1,052 million (2008: HK\$1,131 million).

The interest cover and the inventory to turnover for the year under review were 26 times and 60 days (2008: 29 times and 60 days) respectively. The Group mainly financed its operating activities 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\$801 million, HK\$4,138 million and HK\$3,417 million (2008: HK\$818 million, HK\$3,819 million and HK\$3,347 million) respectively.

Capital expenditure

Total capital expenditure of the Group for the year amounted to HK\$216 million (2008: HK\$292 million), of which HK\$104 million (2008: HK\$216 million) was incurred by the textile business for the addition of plant and machinery and the enhancement of the environmental protection facilities. For the retail and distribution business, the customer spending sentiment was dramatically affected by the financial tsunami in the second half of the year, the Group became more cautious in expanding its retail network. The capital expenditure incurred by this business increased by HK\$31 million to HK\$107 million (2008: HK\$76 million) compared with last year mainly for the relentless decoration of shops and the enhancement of the management information systems.

Pledge of assets

No significant assets were pledged as at 31 March 2008 and 31 March 2009.

Contingent liabilities

Details of the contingent liabilities as at 31 March 2008 and 31 March 2009 have been set out in note 9.

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 four years. The Group will continue to monitor the change in interest rate and arrange appropriate financial instruments to hedge its interest risks whenever needed.

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

HUMAN RESOURCES

As at 31 March 2009, the Group had about 23,900 (2008: 25,200) 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

The global economy has shown signs of recovery. Looking into 2010, the Management anticipates a more favourable business environment and will adopt a more aggressive approach in business development. Total capital expenditure is budgeted at about HK\$300 million for the new financial year.

The knitted fabric industry has continued its fast consolidation. The Group will further increase its capacity to pick up market share from weaker competitors. For the retail business, the Group will continue to focus its development in the Mainland China. About 150 net new outlets will be established there in the new year.

The Group is in solid financial position for continuous business growth. It will dedicate its effort to improve its competitiveness and profitability. The Management is optimistic towards future business outlook and expects improved results in the coming year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year, the Company purchased certain of its own shares on the Stock Exchange and the purchased shares were subsequently cancelled by the Company. The details of the purchases were as follows:

Date	Number of shares repurchased	Price per share		Aggregate Consideration HK\$
		Highest HK\$	Lowest HK\$	
1 April 2008	166,000	5.49	5.43	908,000
9 April 2008	288,000	5.48	5.42	1,572,000
10 April 2008	250,000	5.38	5.32	1,338,000
29 October 2008	<u>50,000</u>	3.13	3.13	<u>157,000</u>
	<u>754,000</u>			<u>3,975,000*</u>

The repurchased shares were cancelled during the year and the issued share capital of the Company was reduced by the par value thereof. During the year, the premium paid on the purchase of the shares of HK\$3,951,000 has been debited to the share premium account of the Company. An amount equivalent to the par value of the shares cancelled has been transferred from the retained profits of the Company to the capital redemption reserve.

* The balance net off repurchase expenses of HK\$14,000

The purchases 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.

Except as disclosed above, neither the Company, nor any of its subsidiaries 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 five 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 financial year, except for the following deviations:

- (1) 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.

- (2) 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 the current arrangement can help maintaining a strong management position and at the same time improving the communication efficiency. The Board may consider the separation of the roles of chairman and chief executive officer upon the then circumstances.

- (3) 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 2008/2009 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, 6 July 2009