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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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

RESULTS

The board of directors (the “Board”) of Texwinca Holdings Limited (the “Company”) has pleasure in presenting the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 September 2009. The interim results have been reviewed by the Company’s audit committee.

Condensed Consolidated Income Statement

	<i>Notes</i>	Six months ended	
		2009	2008
		(Unaudited)	(Unaudited)
		<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	4	4,977,227	5,005,160
Cost of sales		(3,351,774)	(3,434,194)
Gross profit		1,625,453	1,570,966
Other income and gains	5	56,631	91,354
Selling and distribution costs		(844,733)	(839,962)
Administrative expenses		(318,628)	(296,588)
Other operating expenses, net		(2,078)	(4,645)
Finance costs		(3,880)	(26,206)
Share of profit of an associate, net of tax		20,915	26,667
PROFIT BEFORE TAX	6	533,680	521,586
Tax	7	(48,182)	(53,872)
PROFIT FOR THE PERIOD		485,498	467,714

* For identification purpose only

Attributable to:

Equity holders of the Company		480,317	448,220
Minority interests		5,181	19,494
		485,498	467,714

Earnings per share attributable to ordinary
equity holders of the Company (*HK cents*)

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Basic		36.2	33.8
Diluted		36.1	33.6

Condensed Consolidated Statement of Comprehensive Income

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	485,498	467,714
Other comprehensive income/(loss) :		
Exchange realignment	(14,438)	32,411
Other comprehensive income/(loss) for the period, net of tax	(14,438)	32,411
Total comprehensive income for the period, net of tax	471,060	500,125
Attributable to :		
Equity holders of the Company	471,977	475,350
Minority interests	(917)	24,775
	471,060	500,125

Condensed Consolidated Statement of Financial Position

		At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	<i>10</i>	2,200,901	2,308,792
Investment properties		127,170	120,199
Prepaid land lease payments		24,080	24,422
Construction in progress		121,795	119,283
Trademarks		33,293	33,293
Interest in an associate		132,863	111,271
Held-to-maturity investments		15,924	70,056
Long term rental deposits		110,967	93,979
Total non-current assets		2,766,993	2,881,295
CURRENT ASSETS			
Inventories		1,643,920	1,656,095
Trade and bills receivables	<i>11</i>	976,249	919,511
Prepayments, deposits and other receivables		536,798	471,346
Held-to-maturity investments		324,278	20,987
Derivative financial assets		20,906	41,920
Cash and cash equivalents		1,200,662	800,800
Total current assets		4,702,813	3,910,659
CURRENT LIABILITIES			
Due to an associate		21,977	11,231
Trade and bills payables	<i>12</i>	1,084,514	958,516
Other payables and accrued liabilities		359,576	303,073
Derivative financial liabilities		9,193	12,188
Tax payable		295,493	300,084
Interest-bearing bank borrowings		572,392	398,930
Dividend payable		291,986	-
Total current liabilities		2,635,131	1,984,022
Net current assets		2,067,682	1,926,637
Total assets less current liabilities		4,834,675	4,807,932
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		343,848	506,914
Deferred tax		34,999	26,230
Total non-current liabilities		378,847	533,144
Net assets		4,455,828	4,274,788

EQUITY**Equity attributable to equity holders of the Company**

Issued capital	66,365	66,360
Reserves	3,961,547	3,779,617
Proposed interim/final dividend	292,008	291,986
	4,319,920	4,137,963
Minority interests	135,908	136,825
Total equity	4,455,828	4,274,788

Condensed Consolidated Statement of Changes in Equity

	Attributable to equity holders of the Company											Minority interests (Unaudited) HK\$'000	Total equity (Unaudited) HK\$'000
	Issued capital (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Share option reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Contributed surplus (Unaudited) HK\$'000	Exchange fluctuation reserve (Unaudited) HK\$'000	Asset revaluation reserve (Unaudited) HK\$'000	Legal reserve (Unaudited) HK\$'000	Retained profits (Unaudited) HK\$'000	Proposed dividend (Unaudited) HK\$'000	Total (Unaudited) HK\$'000		
	At 1 April 2009	66,360	352,413	6,581	1,687	3,986	172,912	23,920	49	3,218,069	291,986		
Total comprehensive income/(loss)	-	-	-	-	-	(8,340)	-	-	480,317	-	471,977	(917)	471,060
Exercise of share options	5	492	-	-	-	-	-	-	-	-	497	-	497
Surplus on revaluation upon transfer of leasehold land and buildings to investment properties	-	-	-	-	-	-	1,469	-	-	-	1,469	-	1,469
Forfeiture of share options	-	-	(75)	-	-	-	-	-	75	-	-	-	-
2008/2009 final dividend	-	-	-	-	-	-	-	-	-	(291,986)	(291,986)	-	(291,986)
2009/2010 proposed interim dividend	-	-	-	-	-	-	-	-	(292,008)	292,008	-	-	-
At 30 September 2009	66,365	352,905	6,506	1,687	3,986	164,572	25,389	49	3,406,453	292,008	4,319,920	135,908	4,455,828
At 1 April 2008	66,356	350,598	7,756	1,649	3,986	144,612	23,920	49	2,888,676	331,750	3,819,352	96,933	3,916,285
Total comprehensive income	-	-	-	-	-	25,837	1,293	-	448,220	-	475,350	24,775	500,125
Exercise of share options	42	5,766	(1,175)	-	-	-	-	-	-	-	4,633	-	4,633
Repurchase of shares	(35)	(3,797)	-	35	-	-	-	-	(35)	-	(3,832)	-	(3,832)
2007/2008 final dividend	-	-	-	-	-	-	-	-	-	(331,750)	(331,750)	-	(331,750)
2008/2009 proposed interim dividend	-	-	-	-	-	-	-	-	(238,898)	238,898	-	-	-
At 30 September 2008	66,363	352,567	6,581	1,684	3,986	170,449	25,213	49	3,097,963	238,898	3,963,753	121,708	4,085,461

Condensed Consolidated Statement of Cash Flows

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	465,259	691,697
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(555,330)	(137,051)
NET CASH INFLOW FROM FINANCING ACTIVITIES	7,012	106,850
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(83,059)	661,496
Cash and cash equivalents at beginning of period	800,800	321,531
Foreign exchange adjustments	(30,592)	(27,683)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	687,149	955,344
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	265,110	217,288
Non-pledged time deposits with original maturity within three months when acquired	422,309	738,056
	687,149	955,344

Notes to the Condensed Consolidated Financial Statements

1. BASIS OF PREPARATION

The unaudited condensed interim financial statements are prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and Appendix 16 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 unaudited condensed interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2009, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) that affect the Group and are adopted for the first time for the current period's financial statements:

HKFRS 1 and HKAS 27 Amendments	<i>Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate</i>
HKFRS 2 Amendments	<i>Share-based Payment — Vesting Conditions and Cancellations</i>
HKFRS 7 Amendments	<i>Improving Disclosures about Financial Instruments</i>
HKFRS 8	<i>Operating Segments</i>
HKAS 1 (Revised)	<i>Presentation of Financial Statements</i>
HKAS 23 (Revised)	<i>Borrowing Costs</i>
HKAS 32 and HKAS 1 Amendments	<i>Puttable Financial Instruments and Obligations Arising on Liquidation</i>
HK(IFRIC)-Int 9 and HKAS 39 Amendments	<i>Embedded Derivatives</i>
HK(IFRIC)-Int 13	<i>Customer Loyalty Programmes</i>
HK(IFRIC)-Int 15	<i>Agreements for the Construction of Real Estate</i>
HK(IFRIC)-Int 16	<i>Hedges of a Net Investment in a Foreign Operation</i>

The adoption of the HKFRSs listed above does not have any significant impact on the Group's unaudited condensed interim financial statements for the six months ended 30 September 2009. For those new and revised HKFRSs which have not yet been effective, the Group is in the process of assessing their impact on the Group's results and financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The judgements and estimates adopted in the preparation of the unaudited condensed interim financial statements are the same as those used in the Group's annual financial statements for the year ended 31 March 2009.

4. SEGMENT INFORMATION

The Group determined that the operating segments were the same as the business segments previously identified under HKAS 14 “Segment Reporting”.

The Group’s operating segments are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group’s operating 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 operating segments. Summary details of the operating segments are 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) all other segments principally comprise the provision of motor vehicles repair and maintenance services and the provision of franchise services.

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.

The following table presents revenue and profit information for the Group's operating segments for the six months ended 30 September 2009 and 30 September 2008:

	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
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:										
Sales to external customers	2,862,616	2,831,994	2,092,114	2,149,834	22,497	23,332	-	-	4,977,227	5,005,160
Intersegment sales	1,276	1,290	-	-	1,069	1,083	(2,345)	(2,373)	-	-
Other revenue	10,826	12,287	24,136	35,520	12,242	4,988	-	-	47,204	52,795
Total	2,874,718	2,845,571	2,116,250	2,185,354	35,808	29,403	(2,345)	(2,373)	5,024,431	5,057,955
Segment results	465,868	394,062	23,859	73,799	12,340	8,644	5,151	6,061	507,218	482,566
Interest income									9,427	38,559
Finance costs									(3,880)	(26,206)
Share of profit of an associate, net of tax									20,915	26,667
Profit before tax									533,680	521,586
Tax									(48,182)	(53,872)
Profit for the period									485,498	467,714

5. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest income	9,427	38,559
Gross rental income on investment properties	4,697	3,976
Compensation from landlords for early termination of leasing agreements	2,143	12,943
Compensation from suppliers for defective goods	3,988	7,146
Scrap sales	519	5,330
Sundry income	35,857	23,400
	56,631	91,354

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Depreciation	162,054	166,085
Recognition of prepaid land lease payments	332	332
Write-back of provision for slow-moving inventories included in cost of sales	(24,354)	(7,846)
Loss on disposal of items of property, plant and equipment	1,828	382

7. TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. 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.

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Hong Kong and the mainland China taxes:		
Current period provision	47,900	53,872
Elsewhere tax :		
Under-provision in prior years	282	-
Tax charge for the period	48,182	53,872

8. 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 period attributable to ordinary equity holders of the Company of HK\$480,317,000 (six months ended 30 September 2008: HK\$448,220,000) and the weighted average number of 1,327,227,497 (six months ended 30 September 2008: 1,326,840,749) ordinary shares in issue during the period.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the followings:

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	480,317	448,220

	Number of shares	
	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
Shares		
Weighted average number of shares in issue during the period used in the basic earnings per share calculation	1,327,227,497	1,326,840,749
Effect of dilution — Weighted average number of ordinary shares: Share options	3,971,302	8,605,266
Weighted average number of shares in issue during the period used in the diluted earnings per share calculation	1,331,198,799	1,335,446,015

9. DIVIDEND

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Proposed interim dividend	292,008	238,898
Proposed interim dividend per share (<i>HK cents</i>)	22.0	18.0

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2009, the Group acquired items of property, plant and equipment with a cost of HK\$46,340,000 (six months ended 30 September 2008: HK\$106,849,000). Items of property, plant and equipment with a net book value of HK\$11,024,000 were disposed of during the six months ended 30 September 2009 (six months ended 30 September 2008: HK\$3,783,000).

11. TRADE AND BILLS RECEIVABLES

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

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Within 90 days	926,731	899,897
Over 90 days	49,518	19,614
	976,249	919,511

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 and bills receivables relate to a large number of customers, there is no significant concentration of credit risk. Trade and bills receivables are non-interest-bearing.

12. TRADE AND BILLS PAYABLES

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

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Within 90 days	1,069,328	883,876
Over 90 days	15,186	74,640
	1,084,514	958,516

At the reporting date, the trade and bills payables are non-interest-bearing and are normally settled on 90-day terms.

13. CONTINGENT LIABILITIES

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

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
Bank guarantees given in lieu of property rental deposits	2,567	2,567
Guarantees of banking facilities granted to an associate	12,500	12,500

- (b) A subsidiary of the Group in Taiwan is currently subject to a claim from the National Tax Authority 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\$11,840,000). Further to the appeal made by the subsidiary in July 2009, the Supreme Administrative Court of Taiwan turned down the appeal from the subsidiary in November 2009. Based on the result of the appeal, the subsidiary has made a provision of HK\$11,840,000 (31 March 2009 : Nil) for the claim during the period notwithstanding that further legal action will be taken to contend against the claim.
- (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 February 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. At the period end, the directors of the subsidiaries consider that adequate tax provision has been made in the financial statements.

14. CAPITAL COMMITMENTS

The commitments for capital expenditure of the Group at the reporting date were as follows:

	At 30 September 2009 (Unaudited) HK\$'000	At 31 March 2009 (Audited) HK\$'000
In respect of property, plant and equipment, contracted but not provided for	57,336	1,167
In respect of property, plant and equipment, authorised but not contracted for	330,331	330,331
In respect of investment in a subsidiary	34,000	87,005
	421,667	418,503

15. RELATED PARTY TRANSACTIONS

(a) During the period, the Group had the following related party transactions:

		Six months ended 30 September 2009 (Unaudited) HK\$'000	2008 (Unaudited) HK\$'000
	<i>Notes</i>		
Sales to Megawell Industrial Limited ("Megawell") and its subsidiaries	<i>(i)</i>	264,298	214,522
Purchases from Megawell and its subsidiaries	<i>(ii)</i>	151,100	202,799
Rental expenses paid to related companies	<i>(iii)</i>	9,363	8,675

Notes:

- (i) The sales to Megawell, an associate of the Group, and its subsidiaries were made according to the prices and conditions offered to the major customers of the Group.*
- (ii) The directors considered that the purchases from Megawell and its subsidiaries were made according to the prices and conditions similar to those offered to other customers of Megawell and its subsidiaries.*
- (iii) The rental expenses were paid to related companies, of which certain directors of the Company are also the directors and beneficial shareholders, for the provision of directors' quarters and retail outlets for certain subsidiaries in Hong Kong and the mainland China. The directors considered that the monthly rentals were charged based on the prevailing market rates at the dates of the tenancy agreements.*

In addition, the Group has provided certain guarantees for banking facilities granted to Megawell, as detailed in note 13(a) to the financial statements.

- (b) As at 30 September 2009, Nice Dyeing Factory Limited, a wholly-owned subsidiary of the Company, has provided advances of HK\$15,614,000 (31 March 2009: HK\$12,984,000) to Baleno Kingdom Limited, a non-wholly-owned subsidiary of the Company, at Hong Kong Interbank Offered Rate (“HIBOR”) plus 2% (31 March 2009: HIBOR plus 2%) per annum.

In addition, as at 30 September 2009, Nice Dyeing Factory (Macao Commercial Offshore) Limited, a wholly-owned subsidiary of the Company, has provided advances of HK\$434,481,000 (31 March 2009: HK\$443,847,000) to Baleno Holdings Limited, a non-wholly-owned subsidiary of the Company, at 83% of HIBOR plus 2% (31 March 2009: 83% of HIBOR plus 2%) per annum.

The principal purpose of these advances is to finance the operations of Baleno Holdings Limited and its subsidiaries. The advances are unsecured and have no fixed terms of repayment.

- (c) A minority shareholder of the Group’s 54%-owned subsidiary had provided an unconditional guarantee to indemnify the Group from any loss arising from the recoverability of prepayments made to a supplier of the Group of HK\$24,834,000 (31 March 2009: HK\$25,029,000) as included in the balance of the prepayments, deposits and other receivables of the Group as at the reporting date.

- (d) Compensation of key management personnel of the Group:

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000
Short term employee benefits	52,212	49,698
Post-employment benefits	30	30
	52,242	49,728

16. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period’s presentation.

Management’s Discussion and Analysis

INTERIM DIVIDEND

The Board has declared an interim dividend of HK22.0 cents (six months ended 30 September 2008: HK18.0 cents) per share for the six months ended 30 September 2009. The interim dividend will be payable on Wednesday, 20 January 2010 to shareholders registered on the Register of Members at the close of business on Friday, 8 January 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 4 January 2010 to Friday, 8 January 2010 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for entitlement to the interim dividend for the six months ended 30 September 2009, 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 Thursday, 31 December 2009.

BUSINESS REVIEW

The Group's total revenue for the six months ended 30 September 2009 amounted to HK\$4,977 million (six months ended 30 September 2008 : HK\$5,005 million), a 0.6% slim decrease compared to last year. Net profit attributable to the equity holders of the Company was HK\$480 million (six months ended 30 September 2008 : HK\$448 million), an increase of 7% over last year. The Group's gross profit margin improved to 33% from last interim period's 31%. The Board has declared an interim dividend of HK22.0 cents per ordinary share, a rise of 22% over last interim period's HK18.0 cents per ordinary share.

Textile business

The business achieved a turnover of HK\$2,863 million (six months ended 30 September 2008 : HK\$2,832 million), a slight growth of 1%. The amount was 58% of the Group's total turnover. The operating environment was more favourable when compared with the second half of last financial year. Order flow was generally stable throughout the period. Average selling price dropped by 8% compared with the same period last year mainly due to the slide of raw material prices. In the period, operating expenses were under stringent control and production efficiency was further enhanced. Hence, gross profit margin improved significantly to 23% from last interim's 19%. The business performance and the key financial ratios were as below :

<i>(HK\$'million)</i>	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Net sales	2,863	5,058	2,832	5,386	4,627
Gross profit margin (%)	22.9	21.2	19.2	21.3	19.1
Operating profit (<i>note</i>)	466	776	394	910	664
EBITDA (<i>note</i>)	575	992	500	1,108	837
Return on total assets (%) (<i>note</i>)	7.4	13.7	6.4	14.8	13.7
Return on sales (%) (<i>note</i>)	15.6	15.1	13.7	15.4	14.5
Return on equity (%) (<i>note</i>)	10.5	18.9	10.0	22.5	20.5
Capital expenditure	35	104	86	216	468

Note : Exclude interest income and rental income.

Retail and distribution business

Revenue from this business amounted to HK\$2,092 million (six months ended 30 September 2008 : HK\$2,150 million), a decrease of 3%. The sum represented 42% of the Group's total turnover. In the period, business environment was not favourable mainly due to the declining consumer sentiment. The Group continued its consolidation works in Taiwan, Singapore and Malaysia. As a result, only the mainland China recorded a positive revenue growth of 3%. Gross profit margin dropped to 46% from last year's 47%. At the period end :

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

(HK\$'million)	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Net sales	2,092	4,900	2,150	4,239	3,625
Gross profit margin (%)	45.6	45.3	47.1	49.1	47.8
Sales growth of comparable shops (%) (note 1)	(2.2)	6.5	23.1	21.4	2.9
Operating profit (note 2)	24	160	74	242	21
EBITDA (note 2)	76	279	133	364	147
Return on total assets (%) (note 2)	0.1	5.5	2.0	2.1	(0.4)
Return on sales (%) (note 2)	0.1	1.3	1.8	0.8	(0.4)
Return on equity (%) (note 2)	0.7	23.5	15.7	26.2	(9.1)
Capital expenditure	27	107	57	76	141

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

(2) Exclude interest income and rental income.

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

(HK\$'million)	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Baleno	1,025	2,311	1,025	1,589	1,584
S&K	306	809	355	826	601
I.P. Zone	262	639	272	528	441
ebase	140	383	180	462	398
Others	359	758	318	834	601
Total	2,092	4,900	2,150	4,239	3,625

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

The mainland China

	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Net sales (HK\$'million)	1,696	3,834	1,639	3,124	2,431
Increase in net sales (%)	3	23	33	29	10
Retail floor area (sq. ft.) ^{*#}	1,921,076	1,866,008	1,833,533	1,692,967	1,672,807
Number of sales associates ^{*#}	9,915	10,701	10,842	10,442	11,089
Number of outlets ^{*△}	3,820	3,828	3,631	3,477	3,347

Hong Kong & Macau

	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Net sales (HK\$'million)	181	402	184	404	476
Decrease in net sales (%)	(2)	(1)	(3)	(15)	(4)
Retail floor area (sq. ft.) ^{*#}	49,783	56,131	61,320	63,957	74,907
Number of sales associates ^{*#}	399	398	384	396	447
Number of outlets ^{*#}	59	65	66	70	87

Taiwan

	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Net sales (HK\$'million)	159	426	211	397	427
Increase/(decrease) in net sales (%)	(25)	7	(3)	(7)	(17)
Retail floor area (sq. ft.) ^{*#}	154,502	187,230	189,274	199,443	202,080
Number of sales associates ^{*#}	365	438	450	474	528
Number of outlets ^{*△}	159	194	214	217	259

Singapore

	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Net sales (HK\$'million)	38	166	85	233	221
Increase/(decrease) in net sales (%)	(55)	(29)	(16)	5	26
Retail floor area (sq. ft.) ^{*#}	14,694	24,877	39,223	43,149	61,601
Number of sales associates ^{*#}	90	157	226	318	456
Number of outlets ^{*#}	15	23	36	44	64

Malaysia

	Six months ended 30 Sep 2009	Year ended 31 Mar 2009	Six months ended 30 Sep 2008	Year ended 31 Mar 2008	Year ended 31 Mar 2007
Net sales (HK\$'million)	18	72	32	81	70
Increase/(decrease) in net sales (%)	(44)	(11)	0	16	71
Retail floor area (sq. ft.) ^{*#}	28,186	33,185	35,919	44,630	59,170
Number of sales associates ^{*#}	90	134	137	149	243
Number of outlets ^{*#}	12	16	19	20	30

* At the reporting date

For self-managed stores

△ Include self-managed and franchise stores

Garment manufacturing business

Sales of this associate in the period decreased 11% to HK\$687 million (six months ended 30 September 2008 : HK\$770 million). Net profit contribution to the Group amounted to the HK\$21 million (six months ended 30 September 2008 : HK\$27 million), a drop of 22%. In the period, operating environment was quite competitive. During the period, 80% (six months ended September 2008 : 58%) of the fabric consumption was supplied by the fabric division and sales to the retail division accounted for 22% (six months ended 30 September 2008 : 26%) 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 period end were 1.8, HK\$916 million and 0.0 (31 March 2009: 2.0, HK\$906 million and 0.0) respectively. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and cash equivalents, to the total shareholders' equity. The net cash inflow from operating activities for the period was HK\$465 million (six months ended 30 September 2008: HK\$692 million).

The interest cover, the trade and bills receivables to turnover and the inventory to turnover for the period under review were 139 times, 36 days and 60 days (six months ended 30 September 2008: 21 times, 33 days and 57 days) respectively. The Group mainly satisfy its funding requirements with cash inflow from its operating activities and bank borrowings. At the period end, the cash and cash equivalents, the equity attributable to equity holders of the Company and the unutilized banking facilities were HK\$1,201 million, HK\$4,320 million and HK\$3,203 million (31 March 2009: HK\$801 million, HK\$4,138 million and HK\$3,417 million) respectively. To maintain high liquidity and improve the yield from its investment, the Group increased its short term held-to-maturity investments to HK\$324 million (31 March 2009: HK\$21 million) as at the period end. The counterparties of the investments are all well-established corporations.

Capital expenditure

In view of the unclear economic condition, the Group was prudent with its capital expenditure spending strategy. For the six months ended on 30 September 2009, the total capital expenditure incurred by the Group was HK\$62 million (six months ended 30 September 2008: HK\$143 million). HK\$35 million (six months ended 30 September 2008: HK\$86 million) was incurred by the textile business for the expansion of its manufacturing plant and the addition of machinery. And, HK\$27 million (six months ended 30 September 2008: HK\$57 million) was incurred by the retail and distribution business mainly for the renovation of its retail network.

Pledge of assets

No significant of assets were pledged as at 30 September 2009 and 31 March 2009.

Contingent liabilities

Details of the contingent liabilities as at 30 September 2009 and 31 March 2009 have been set out in note 13.

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 floating rate borrowings with maturity due within three years. As the interest rate is expected to stay at a low level for longer term after the financial crisis, the Group will continue to monitor the interest rate movement and arrange appropriate financial instruments to hedge its interest rate risk.

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

HUMAN RESOURCES

As at 30 September 2009, the Group had about 22,700 (31 March 2009: 23,900) 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

Global economic conditions have been turning better. Looking ahead, the Management continues to expect a more favourable operating environment. The Group has made a comprehensive development plan for this fiscal year and will strive to follow through. At the moment, the Management does not see any serious obstacles lying ahead, and remains extremely positive on the results of the second half year.

Other Information

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2009, the interests and short positions of the directors in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long positions in ordinary shares of the Company:

Name of director	Number of shares held, capacity and nature of interest			Total	Percentage of the Company's issued share capital
	Directly or beneficially owned	Through spouse or minor children	Through controlled corporations		
Poon Bun Chak	31,888,000	168,800,104 ⁽¹⁾	456,450,000 ⁽²⁾	657,138,104	49.5
Poon Kai Chak	7,202,800	-	-	7,202,800	0.5
Poon Kei Chak	21,477,200	-	41,922,000 ⁽³⁾	63,399,200	4.8
Poon Kwan Chak	13,270,800	-	-	13,270,800	1.0
Ting Kit Chung	1,600,000	-	-	1,600,000	0.1
	75,438,800	168,800,104	498,372,000	742,610,904	55.9

Notes:

1. The 168,800,104 shares are owned by Farrow Star Limited, which is wholly-owned by Perfection (PTC) Inc. as a trustee for The Evergreen Trust, a discretionary trust, the beneficiaries of which include the family members of Mr. Poon Bun Chak. These shares are held through his spouse or minor children in accordance with the SFO.
2. The 456,450,000 shares are owned by Giant Wizard Corporation in which Farrow Star Limited has an 97.15% equity interest. A 2.85% interest in Giant Wizard Corporation is owned by Mr. Poon Bun Chak.
3. The 41,922,000 shares are held by Treasure Link International Holdings Limited, in which Mr. Poon Kei Chak and his spouse each owned 50% equity interests.

Long positions in share options of the Company:

	Number of share options held directly or beneficially owned
Executive directors:	
Poon Bun Chak	1,000,000
Poon Kai Chak	10,500,000
Poon Kei Chak	10,500,000
Poon Kwan Chak	10,000,000
Ting Kit Chung	10,000,000
Independent non-executive directors:	
Au Son Yiu	400,000
Cheng Shu Wing	400,000
Wong Tze Kin, David	200,000
	43,000,000

Save as disclosed above, as at 30 September 2009, none of the directors had registered an interest or short position in the shares or underlying shares of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as disclosed in the section "Directors' interests and short positions in shares and underlying shares" above and in the section "Share option scheme" below, at no time during the period were rights to acquire benefits by means of the acquisition of shares in the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS IN SHARES AND UNDERLYING SHARES

At 30 September 2009, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in ordinary shares of the Company:

Name	Capacity and nature of interests	Number of ordinary shares held	Percentage of the Company's issued share capital
Heung Mi Kuen Miraner	Through spouse	21,477,200	1.6
	Through controlled corporation	41,922,000	3.2
Shanghai Industrial Investment (Holdings) Company Limited	Through controlled corporation	104,556,000	7.9

Long positions in share options of the Company:

Name	Capacity and nature of interests	Number of share options held	Percentage of the Company's issued share capital
Heung Mi Kuen Miraner	Through spouse	10,500,000	0.8

Save as disclosed above, as at 30 September 2009, no person, other than the directors of the Company, whose interests are set out in the section "Directors' interests and short positions in shares and underlying shares" above, had registered an interest and short position in shares and underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

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 Company's listed securities during the six months ended 30 September 2009.

SHARE OPTION SCHEME

A share option scheme, in compliance with the requirements of Chapter 17 of the Listing Rules, was adopted by the Company on 28 August 2002 for a period of ten years, details of which have been set out in the Group's annual financial statements for the year ended 31 March 2009. As at 30 September 2009, the following share options were outstanding:

Name or category of participant	Date of grant of share options*	Exercise price of share options** <i>HK\$ per share</i>	Number of share options				Exercise period of share options
			At 1 April 2009	Exercised during the period	Forfeited during the period	At 30 September 2009	
Executive directors							
Poon Bun Chak	11 September 2002	4.97	1,000,000	-	-	1,000,000	11 September 2002 to 10 September 2012
Poon Kai Chak	11 September 2002	4.97	7,500,000	-	-	7,500,000	11 September 2002 to 10 September 2012
	26 March 2004	5.60	3,000,000	-	-	3,000,000	26 March 2004 to 25 March 2014
			10,500,000	-	-	10,500,000	
Poon Kei Chak	11 September 2002	4.97	7,500,000	-	-	7,500,000	11 September 2002 to 10 September 2012
	26 March 2004	5.60	3,000,000	-	-	3,000,000	26 March 2004 to 25 March 2014
			10,500,000	-	-	10,500,000	
Poon Kwan Chak	11 September 2002	4.97	4,000,000	-	-	4,000,000	11 September 2002 to 10 September 2012
	26 March 2004	5.60	6,000,000	-	-	6,000,000	26 March 2004 to 25 March 2014
			10,000,000	-	-	10,000,000	

Ting Kit Chung	11 September 2002	4.97	4,000,000	-	-	4,000,000	11 September 2002 to 10 September 2012
	26 March 2004	5.60	6,000,000	-	-	6,000,000	
			10,000,000	-	-	10,000,000	
			42,000,000	-	-	42,000,000	
Independent non-executive directors							
Au Son Yiu	11 September 2002	4.97	200,000	-	-	200,000	11 September 2002 to 10 September 2012
	26 March 2004	5.60	200,000	-	-	200,000	
			400,000	-	-	400,000	
Cheng Shu Wing	11 September 2002	4.97	200,000	-	-	200,000	11 September 2002 to 10 September 2012
	26 March 2004	5.60	200,000	-	-	200,000	
			400,000	-	-	400,000	
Wong Tze Kin, David	26 March 2004	5.60	200,000	-	-	200,000	26 March 2004 to 25 March 2014
			1,000,000	-	-	1,000,000	
Other employees							
In aggregate	11 September 2002	4.97	550,000	(100,000)	-	450,000	11 September 2002 to 10 September 2012
	26 March 2004	5.60	4,387,000	-	(50,000)	4,337,000	
			4,937,000	(100,000)	(50,000)	4,787,000	
			47,937,000	(100,000)	(50,000)	47,787,000	

Notes:

* *The vesting period of the share options is from the date of the grant until the commencement of the exercise period.*

** *The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.*

AUDIT COMMITTEE

The Audit Committee (the "Committee") consists of the three independent non-executive directors of the Board namely 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. At the time of establishment, the terms of reference and duties have been laid down as a guideline for the Committee. The principal duties of the Committee include the review and supervision of the financial reporting process and internal controls of the Group.

For the interim period, the Committee has reviewed and discussed with the management the interim report and the internal controls of the Group and has made recommendations to the Board.

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 accounting period covered by the interim report, 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 a 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.

DIRECTORS' SECURITIES TRANSACTIONS

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 accounting period covered by the interim report.

BOARD OF DIRECTORS

As at the date of this announcement, the executive directors of the Company are Mr. Poon Bun Chak, Mr. Poon Kai Chak, Mr. Poon Kei Chak, Mr. Poon Kwan Chak and Mr. Ting Kit Chung and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Wong Tze Kin, David.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report for the six months ended 30 September 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, 7 December 2009