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 2010

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 (collectively referred to as the "Group") for the year ended 31 March 2010 with the comparative figures of last year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**10,537,966**	9,997,737
Cost of sales		**(7,016,829)**	(6,701,346)
Gross profit		**3,521,137**	3,296,391
Other income and gains		**166,624**	187,064
Selling and distribution costs		**(1,811,477)**	(1,787,389)
Administrative expenses		**(685,172)**	(692,059)
Other operating expenses, net		**(5,637)**	(4,079)
Finance costs		**(10,394)**	(40,855)
Share of profit of an associate, net of tax		**42,270**	53,499
PROFIT BEFORE TAX	*3*	**1,217,351**	1,012,572
Income tax expense	*5*	**(116,607)**	(121,448)
PROFIT FOR THE YEAR		**1,100,744**	891,124

* *For identification purpose only*

	Notes		
Attributable to:			
Equity holders of the Company		**1,007,213**	860,357
Minority interests		**93,531**	30,767
		1,100,744	891,124
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(HK cents)*	*7*		
Basic		**75.8**	64.8
Diluted		**75.3**	N/A

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**1,100,744**	891,124
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**(33,846)**	37,425
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,066,898**	928,549
Attributable to:		
Ordinary equity holders of the Company	**979,883**	888,657
Minority interests	**87,015**	39,892
	1,066,898	928,549

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		31 March	
		2010	2009
	Notes	***HK$'000***	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**2,218,268**	2,308,792
Investment properties		**155,170**	120,199
Prepaid land lease payments		**23,755**	24,422
Construction in progress		**55,303**	119,283
Trademarks		**33,293**	33,293
Interest in an associate		**120,349**	111,271
Held-to-maturity investments		**-**	70,056
Long term rental deposits		**109,864**	93,979
Total non-current assets		**2,716,002**	2,881,295
CURRENT ASSETS			
Inventories		**2,163,787**	1,656,095
Trade and bills receivables	*8*	**1,020,513**	919,511
Prepayments, deposits and other receivables		**538,101**	471,346
Held-to-maturity investments		**272,888**	20,987
Derivative financial assets		**17,731**	41,920
Cash and cash equivalents		**1,526,465**	800,800
Total current assets		**5,539,485**	3,910,659
CURRENT LIABILITIES			
Due to an associate		**42,633**	11,231
Trade and bills payables	*9*	**1,035,660**	958,516
Other payables and accrued liabilities		**359,288**	303,073
Derivative financial liabilities		**3,194**	12,188
Tax payable		**252,770**	300,084
Interest-bearing bank borrowings		**1,223,044**	398,930
Total current liabilities		**2,916,589**	1,984,022
Net current assets		**2,622,896**	1,926,637
Total assets less current liabilities		**5,338,898**	4,807,932
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**489,744**	506,914
Deferred tax		**56,458**	26,230
Total non-current liabilities		**546,202**	533,144
Net assets		**4,792,696**	4,274,788
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**66,730**	66,360
Reserves		**4,159,084**	3,779,617
Proposed final dividend		**347,042**	291,986
		4,572,856	4,137,963
Minority interests		**219,840**	136,825
Total equity		**4,792,696**	4,274,788

Notes to the Consolidated Financial Statements:

1. Basis of preparation

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

2. Principal accounting policies

The accounting policies and basis of preparation adopted in the preparation of the consolidated financial statements are the same as those used in the consolidated financial statements for the year ended 31 March 2009, 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 1 and HKAS 27 Amendments	Amendments to HKFRS 1 First-time Adoption of HKFRSs and HKAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment - Vesting Conditions and Cancellations
HKFRS 7 Amendments	Amendments to HKFRS 7 Financial Instruments: Disclosures - Improving Disclosures about Financial Instruments
HKFRS 8	Operating Segments
HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 18 Amendment *	Amendment to Appendix to HKAS 18 Revenue - Determining whether an entity is acting as a principal or as an agent
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 Amendments	Amendments to HKAS 32 Financial Instruments: Presentation and HKAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39 Amendments	Amendments to HK(IFRIC)-Int 9 Reassessment of Embedded Derivatives and HKAS 39 Financial Instruments: Recognition and Measurement - Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation
HK(IFRIC)-Int 18	Transfers of Assets from Customers (adopted from 1 July 2009)
Improvements to HKFRSs (October 2008) **	Amendments to a number of HKFRSs

* Included in Improvements to HKFRSs 2009 (as issued in May 2009).

** The Group adopted all the improvements to HKFRSs issued in October 2008 except for the amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Plan to sell the controlling interest in a subsidiary as they are effective for annual periods beginning on or after 1 July 2009.

Other than as further explained below regarding the impact of HKAS 1 (Revised) and HKFRS 8, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

HKAS 1 (Revised) introduces changes in the presentation and disclosures of financial statements. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. In addition, this standard introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group has elected to present two statements.

HKFRS 8, which replaces HKAS 14 Segment Reporting, specifies how an entity should report information about its operating segments, based on information about the components of the entity that is available to the chief operating decision maker for the purposes of allocating resources to the segments and assessing their performance. The standard also requires the disclosure of information about the products and services provided by the segments, the geographical areas in which the Group operates, and revenue from the Group's major customers. The Group concluded that the operating segments determined in accordance with HKFRS 8 are the same as the business segments previously identified under HKAS 14.

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

HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards [1]
HKFRS 1 Amendments	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Additional Exemptions for First-time Adopters [2]
HKFRS 1 Amendment	Amendments to HKFRS 1 First-time Adoption of Hong Kong Financial Reporting Standards - Limited Exemption from Comparative HKFRS 7 Disclosures for the First-time Adoption[4]
HKFRS 2 Amendments	Amendments to HKFRS 2 Share-based Payment - Group Cash-settled Share-based Payment Transactions [2]
HKFRS 3 (Revised)	Business Combinations [1]
HKFRS 9	Financial Instruments [6]
HKAS 24 (Revised)	Related Party Disclosures [5]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [1]
HKAS 32 Amendment	Amendment to HKAS 32 Financial Instruments: Presentation - Classification of Rights Issues [3]
HKAS 39 Amendment	Amendment to HKAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items [1]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 Prepayments of a Minimum Funding Requirement [5]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners [1]
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments [4]
Amendments to HKFRS 5 included in Improvements to HKFRSs issued in October 2008	Amendments to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations - Plan to Sell the Controlling Interest in a Subsidiary [1]
HK Interpretation 4 (Revised in December 2009)	Leases - Determination of the Length of Lease Term in respect of Hong Kong Land Leases [2]

Apart from the above, the HKICPA has issued Improvements to HKFRSs 2009 which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 2, HKAS 38, HK(IFRIC)-Int 9 and HK(IFRIC)-Int 16 are effective for annual periods beginning on or after 1 July 2009 while the amendments to HKFRS 5, HKFRS 8, HKAS 1, HKAS 7, HKAS 17, HKAS 36 and HKAS 39 are effective for annual periods beginning on or after 1 January 2010 although there are separate transitional provisions for each standard or interpretation. The amendments to HKFRS 3 and transition requirements for amendments arising as a result of HKAS 27 are effective for annual periods beginning on or after 1 July 2010 while the amendments to HKFRS 1, HKFRS 7, HKAS 1, HKAS 34 and HK(IFRIC)-Int 13 are effective for annual periods beginning on or after 1 January 2011.

[1] Effective for annual periods beginning on or after 1 July 2009
[2] Effective for annual periods beginning on or after 1 January 2010
[3] Effective for annual periods beginning on or after 1 February 2010
[4] Effective for annual periods beginning on or after 1 July 2010
[5] Effective for annual periods beginning on or after 1 January 2011
[6] Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. Segment information

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

(a) the production, dyeing and sale of knitted fabric and yarn segment;

(b) the retailing and distribution of casual apparel and accessory segment; and

(c) the "others" segment principally comprises the provision of motor vehicles repair and maintenance services and the provision of franchise services.

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

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

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

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

(a) The following tables present revenue, profit and certain assets, liabilities and expenditure information for the Group for the years ended 31 March 2010 and 31 March 2009:

	Production, dyeing and sale of knitted fabric and yarn		**Retailing and distribution of casual apparel and accessory**		**Others**		**Eliminations**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	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	**5,539,504**	5,058,110	**4,959,742**	4,900,311	**38,720**	39,316	**-**	-	**10,537,966**	9,997,737
Intersegment sales	**-**	-	**-**	-	**4,788**	4,744	**(4,788)**	(4,744)	**-**	-
Other revenue	**62,369**	66,125	**39,623**	56,439	**48,546**	9,449	**(9,584)**	-	**140,954**	132,013
Total	**5,601,873**	5,124,235	**4,999,365**	4,956,750	**92,054**	53,509	**(14,372)**	(4,744)	**10,678,920**	10,129,750
Segment results	**852,824**	775,955	**253,080**	160,057	**58,590**	9,467	**(4,689)**	(602)	**1,159,805**	944,877
Interest income									**25,670**	55,051
Finance costs									**(10,394)**	(40,855)
Share of profit of an associate, net of tax									**42,270**	53,499
Profit before tax									**1,217,351**	1,012,572
Income tax expense									**(116,607)**	(121,448)
Profit for the year									**1,100,744**	891,124

(a) The following tables present revenue, profit and certain assets, liabilities and expenditure information for the Group for the years ended 31 March 2010 and 31 March 2009: *(continued)*

	Production, dyeing and sale of knitted fabric and yarn		**Retailing and distribution of casual apparel and accessory**		**Others**		**Eliminations**		**Consolidated**	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	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	**5,465,324**	4,763,420	**1,721,423**	1,658,060	**212,580**	178,805	**(352,644)**	(523,820)	**7,046,683**	6,076,465
Interest in an associate									**120,349**	111,271
Unallocated assets									**1,088,455**	604,218
Total assets									**8,255,487**	6,791,954
Segment liabilities	**729,794**	565,173	**1,008,065**	1,162,637	**71,159**	73,834	**(368,243)**	(516,635)	**1,440,775**	1,285,009
Unallocated liabilities									**2,022,016**	1,232,157
Total liabilities									**3,462,791**	2,517,166
Other segment information:										
Depreciation and amortisation	**221,415**	215,974	**98,569**	118,847	**1,669**	1,721	**-**	-	**321,653**	336,542
Capital expenditure	**120,536**	104,362	**53,445**	107,346	**-**	4,421	**-**	-	**173,981**	216,129
Other non-cash expenses/(income)	**(22,600)**	12,834	**14,205**	2,214	**343**	178	**-**	-	**(8,052)**	15,226
Fair value (gain)/loss on investment properties	**-**	(5,028)	**-**	2,155	**(27,252)**	-	**-**	-	**(27,252)**	(2,873)

(b) Geographical information

The following table presents geographical revenue and non-current assets information for the Group for the years ended 31 March 2010 and 31 March 2009:

	USA		Mainland China		Japan		Hong Kong		Others		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
(i) Revenue from external customers														
Segment revenue:														
Sales to external Customers	**4,039,293**	3,633,173	**4,223,709**	3,931,690	**819,049**	855,595	**625,766**	590,247	**830,149**	987,032	**-**	-	**10,537,966**	9,997,737
(ii) Non-current assets														
Non-current assets	**-**	-	**2,377,921**	2,387,481	**-**	-	**410,611**	541,803	**89,011**	127,763	**(161,541)**	(175,752)	**2,716,002**	2,881,295

The Group's geographical revenue and non-currant assets information are based on the locations of the markets and assets, respectively.

(c) Information about a major customer

No single external customer contributes more than 10% of the Group's revenue during the year.

4. Depreciation and amortisation

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Depreciation	**320,988**	335,878
Recognition of prepaid land lease payments	**665**	664
Total depreciation and amortisation	**321,653**	336,542

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2009: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Hong Kong and the Mainland China taxes:		
Current year provision	**87,969**	112,354
Overprovision in prior years	**(1,590)**	(522)
Deferred tax	**30,228**	9,616
Tax charge for the year	**116,607**	121,448

6. Dividends

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
Interim of HK22 cents (2009: HK18 cents) per share	**292,242**	238,940
Proposed final of HK26 cents (2009: HK22 cents) per share	**347,042**	291,986
	639,284	530,926

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

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

(a) *Basic earnings per share*

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

(b) Diluted earnings per share

The calculation of the diluted earnings per share amount for the year ended 31 March 2010 is based on the profit for that year attributable to ordinary equity holders of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during that year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all share options into ordinary shares during that year.

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

	Year ended 31 March	
	2010	2009
	HK$'000	*HK$'000*
<u>Earnings</u>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**1,007,213**	860,357

	Number of shares	
	2010	2009
<u>Shares</u>		
Weighted average number of shares in issue during the year used in the basic earnings per share calculation	**1,328,681,142**	1,327,029,255
Effect of dilution - weighted average number of ordinary shares:		
Share options	**8,866,502**	N/A*
	1,337,547,644	N/A*

* 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.

8. Trade and bills receivables

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

	31 March	
	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**986,109**	899,897
Over 90 days	**34,404**	19,614
	1,020,513	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 receivables relate to a large number of customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

9. Trade and bills payables

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

	31 March	
	2010	2009
	HK$'000	*HK$'000*
Within 90 days	**1,018,179**	883,876
Over 90 days	**17,481**	74,640
	1,035,660	958,516

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

10. Contingent liabilities

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

	31 March	
	2010	2009
	HK$'000	*HK$'000*
Bank guarantees given in lieu of property rental deposits	**4,517**	2,567
Guarantees of banking facilities granted to an associate	**12,500**	12,500

As at 31 March 2010, the banking facilities granted to subsidiaries with guarantees given to the banks by the Company were utilised to the extent of approximately HK$1,474,788,000 (2009: HK$506,511,000) and the banking facilities granted to an associate with guarantees given to the banks by the Company was not utilised (2009: Nil).

(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 year.

(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, February 2009 and January 2010, protective tax assessments totalling HK$224,000,000, HK$275,000,000 and HK$578,000,000 for the years of assessment 2001/2002, 2002/2003 and 2003/2004, 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, HK$25,000,000 and HK$25,000,000 for the years of assessment 2000/2001, 2001/02, 2002/2003 and 2003/2004, 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 provisions have been made in the financial statements.

FINAL DIVIDEND

The Board recommend the payment of a final dividend of HK26.0 cents (2009: HK22.0 cents) per ordinary share which, together with the interim dividend of HK22.0 cents (2009: HK18.0 cents) per ordinary share paid in January 2010, will make a total dividend of HK48.0 cents (2009: HK40.0 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, 7 October 2010 to the shareholders registered on the Register of Members on Tuesday, 10 August 2010.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 3 August 2010 to Tuesday, 10 August 2010 (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 2010 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 Monday, 2 August 2010.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For this fiscal year ended 31 March 2010, the Group’s total revenue increased by 5.4% to HK$10,538 million (2009 : HK$9,998 million). Profit for the year attributable to the equity holders of the Company amounted to HK$1,007 million (2009 : HK$860 million), an increase of 17.1%. The Group’s gross profit margin was 33.4% (2009 : 33.0%), a slight improvement of 0.4% from last year. The Board has recommended a final dividend of HK26.0 cents (2009 : HK22.0 cents) per ordinary share. Including interim dividend, total dividend per ordinary share would be HK48.0 cents, an increase of 20.0% from last year’s HK40.0 cents.

Textile business

Turnover of the fabric business grew by 9.5% to HK$5,540 million (2009 : HK$5,058 million). The sum represented 52.6% of the Group’s total revenue. Business conditions were more favourable compared with the previous year and orders from customers were stable throughout the whole period. Raw material prices started to rise at the beginning of the second half year. From October 2009 to March 2010, raw material prices had increased by over 20%. The Group was generally able to pass the cost increase to the customers by raising product prices. However, due to the volatility of raw material prices, the proportion of rush orders was less in the second half year. In this year, average selling prices still dropped by 6.4% compared with last year. Production capacity grew by about 15% and sales volume increased by 17.6%. The performance and the key financial ratios of the business were as below :

(HK$'million)	**2010**	2009	2008	2007	2006
Net sales	**5,540**	5,058	5,386	4,627	4,258
Gross profit margin *(%)*	**21.6**	21.2	21.3	19.1	18.0
Operating profit *(note)*	**853**	776	910	664	503
EBITDA *(note)*	**1,074**	992	1,108	837	665
Return on total assets *(%) (note)*	**12.6**	13.7	14.8	13.7	11.0
Return on sales *(%) (note)*	**14.9**	15.1	15.4	14.5	12.2
Return on equity *(%) (note)*	**18.8**	18.9	22.5	20.5	18.1
Capital expenditure	**121**	104	216	468	148

Note: Exclude interest income and rental income

Retail and distribution business

Sales of the business amounted to HK$4,960 million (2009 : HK$4,900 million), a rise of 1.2%, and accounted for 47.1% of the Group's total turnover. With restoration of consumer confidence, the operating environment was more promising in the second half year. Gross profit margin improved to 46.4% from last year's 45.3%. The mainland China was still the best performing market, and will remain the focus of expansion. At the end of the year, the Singapore and Malaysia operations were completely closed. In the period, the Group had continued to dispose of those non-performing stores. At the year end,

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

(HK$'million)	**2010**	2009	2008	2007	2006
Net sales	**4,960**	4,900	4,239	3,625	3,444
Gross profit margin *(%)*	**46.4**	45.3	49.1	47.8	46.5
Sales growh of comparable shops *(%) (note 1)*	**3.7**	6.5	21.4	2.9	(7.0)
Operating profit *(note 2)*	**253**	160	242	21	(55)
EBITDA *(note 2)*	**351**	279	364	147	62
Return on total assets *(%) (note 2)*	**9.7**	5.5	2.1	(0.4)	(3.6)
Return on sales *(%) (note 2)*	**3.7**	1.3	0.8	(0.4)	(2.8)
Return on equity *(%) (note 2)*	**40.0**	23.5	26.2	(9.1)	(77.5)
Capital expenditure	**53**	107	76	141	203

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:

(HK$'million)	**2010**	2009	2008	2007	2006
Baleno	**2,463**	2,311	1,589	1,584	1,596
S&K	**757**	809	826	601	563
I.P. Zone	**601**	639	528	441	361
ebase	**326**	383	462	398	399
Others	**813**	758	834	601	525
Total	**4,960**	4,900	4,239	3,625	3,444

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

Mainland China

	2010	2009	2008	2007	2006
Net sales *(HK$' million)*	**4,097**	3,834	3,124	2,431	2,219
Increase in net sales *(%)*	**7**	23	29	10	13
Retail floor area *(sq. ft.)**#	**1,748,531**	1,866,008	1,692,967	1,672,807	1,601,473
Number of sales associates*#	**9,957**	10,701	10,442	11,089	10,119
Number of outlets*△	**3,639**	3,828	3,477	3,347	3,143

Hong Kong and Macau

	2010	2009	2008	2007	2006
Net sales *(HK$' million)*	**416**	402	404	476	496
Increase/(decrease) in net sales *(%)*	**3**	(1)	(15)	(4)	7
Retail floor area *(sq. ft.)**#	**52,555**	56,131	63,957	74,907	78,285
Number of sales associates *#	**422**	398	396	447	624
Number of outlets *#	**62**	65	70	87	94

Taiwan

	2010	2009	2008	2007	2006
Net sales *(HK$' million)*	**375**	426	397	427	513
Increase/(decrease) in net sales *(%)*	**(12)**	7	(7)	(17)	(8)
Retail floor area *(sq. ft.)**#	**125,497**	187,230	199,443	202,080	208,925
Number of sales associates*#	**372**	438	474	528	603
Number of outlets *△	**154**	194	217	259	266

Singapore

	2010	2009	2008	2007	2006
Net sales *(HK$' million)*	**48**	166	233	221	175
Increase/(decrease) in net sales *(%)*	**(71)**	(29)	5	26	14
Retail floor area *(sq.ft.)**#	**—**	24,877	43,149	61,601	55,781
Number of sales associates*#	**—**	157	318	456	408
Number of outlets*#	**—**	23	44	64	56

Malaysia

	2010	2009	2008	2007	2006
Net sales *(HK$' million)*	**24**	72	81	70	41
Increase/(decrease) in net sales *(%)*	**(67)**	(11)	16	71	356
Retail floor area *(sq. ft.)**#	**—**	33,185	44,630	59,170	36,681
Number of sales associates*#	**—**	134	149	243	155
Number of outlets*#	**—**	16	20	30	20

** At the reporting date*
 # For self-managed stores
△ Including self-managed and franchise stores

Garment manufacturing business

Revenue of this associate decreased by 11.5% to HK$1,277 million (2009 : HK$1,443 million). Net profit contribution to the Group amounted to HK$42 million (2009 : HK$53 million), a drop of 21.0%. In the year, 80.7% (2009 : 67.7%) of the fabric consumed was supplied by the Group's textile division and sales to the retail division accounted for 20.9% (2009 : 23.6%) of its revenue. Gross profit margin dropped to 10.9% from last year's 13.3%. Business environment was more challenging in the year due to cost increase driven by inflation in wages and material prices.

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$1,713 million and 0.0 (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 increase in bank borrowings was mainly for financing short term held-to-maturity investments and bank deposits. The net cash inflow from operating activities for the year was HK$797 million (2009: HK$1,052 million). The drop in net cash inflow from operating activities was mainly due to the increase in inventory level for the hedge of the surge in cotton price during the year.

During the year, the interest cover, the trade and bills receivables to turnover and the inventory to turnover for the year under review were 118 times, 35 days and 75 days (2009: 26 times, 34 days and 60 days) respectively. The increase in inventory turnover days was mainly due to the increase in inventory level during the year for the reason stated above. The Group mainly satisfied its funding requirements with cash inflow from its operating activities and bank borrowings. At the year end, the cash and bank balances, the equity attributable to equity holders of the Company and the unutilised banking facilities were HK$1,526 million, HK$4,573 million and HK$3,074 million (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$273 million (2009: HK$21 million) as at the year end. The counterparties of the investments are all well established corporations.

Capital expenditure

As the global economic recovery was still moderate during the year, the Group remained cautious with its capital expenditure spending strategy. For the year under review, the total capital expenditure incurred by the Group was HK$174 million (2009: HK$216 million). HK$121 million (2009: HK$104 million) was incurred by the textile business for the expansion of its manufacturing plant and the addition of machinery. And, HK$53 million (2009: HK$107 million) was incurred by the retail and distribution business mainly for the expension of its retail network in the PRC and the refurbishment of its existing outlets.

Pledge of assets

No significant assets were pledged as at 31 March 2010 and 31 March 2009.

Contingent liabilities

Details of the contingent liabilities as at 31 March 2010 and 31 March 2009 have been set out in note 10.

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 four years. As the economic conditions continue to improve, the interest rate is expected to rise steadily in the coming year. To reduce the interest rate risk, the Group will arrange financial instruments to hedge the risk whenever appropriate.

During the year 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 31 March 2010, the Group had about 23,800 employees in the Greater China (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

In view of global economic conditions have been turning good, the Group will exercise a more aggressive business approach in the coming year. The total capital expenditure is budgeted at about HK$260 million, out of which 70% will be for the textile capacity growth and 30% will be for the outlet expansion.

The Group's major going forward strategies are :

1. Continue to grow manufacturing capacity of the fabric operation to enlarge market share. This would improve the Group's economy of scale and profit margins.

2. Concentrate the retail expansion in the mainland China market. This would enhance overall operating performance of the business.

In healthy financial position, the Group has strong competitiveness for continuous business development. The Management is quite optimistic to attain improved results in the next year.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

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, Mr. Wong Tze Kin, David, Mr. Au Son Yiu, and Mr. 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 three 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 Mr. Poon Bun Chak, Mr. Poon Kai Chak, Mr. Poon Kei Chak, Mr. Poon Kwan Chak, 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 annual report for 2009/2010 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, 28 June 2010