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 2011

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 2011 with the comparative figures of last year as follows:

CONSOLIDATED INCOME STATEMENT

		Year ended 31 March	
		2011	2010
	Notes	***HK$'000***	*HK$'000*
REVENUE	*3*	**11,861,780**	10,537,966
Cost of sales		**(7,866,089)**	(7,016,829)
Gross profit		**3,995,691**	3,521,137
Other income and gains		**187,213**	166,624
Selling and distribution costs		**(2,025,218)**	(1,811,477)
Administrative expenses		**(725,572)**	(685,172)
Other operating expenses, net		**(2,357)**	(5,637)
Finance costs		**(25,817)**	(10,394)
Share of profit of an associate, net of tax		**55,644**	42,270
PROFIT BEFORE TAX	*3*	**1,459,584**	1,217,351
Income tax expense	*5*	**(202,030)**	(116,607)
PROFIT FOR THE YEAR		**1,257,554**	1,100,744

* *For identification purpose only*

Attributable to:			
Equity holders of the Company		**1,133,241**	1,007,213
Non-controlling interests		**124,313**	93,531
		1,257,554	1,100,744
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY *(HK cents)*	*7*		
Basic		**84.3**	75.8
Diluted		**83.5**	75.3

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	
	2011	2010
	HK$'000	*HK$'000*
PROFIT FOR THE YEAR	**1,257,554**	1,100,744
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**132,984**	(33,846)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**1,390,538**	1,066,898
Attributable to:		
Ordinary equity holders of the Company	**1,270,224**	979,883
Non-controlling interests	**120,314**	87,015
	1,390,538	1,066,898

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2011 HK$'000	31 March 2010 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,160,778**	2,218,268
Investment properties		**169,094**	155,170
Prepaid land lease payments		**23,469**	23,755
Construction in progress		**75,991**	55,303
Trademarks		**33,293**	33,293
Investment in an associate		**132,568**	120,349
Long term rental deposits		**110,804**	109,864
Total non-current assets		**2,705,997**	2,716,002
CURRENT ASSETS			
Inventories		**2,960,378**	2,163,787
Trade and bills receivables	*8*	**1,676,041**	1,020,513
Prepayments, deposits and other receivables		**667,784**	538,101
Held-to-maturity investments		**-**	272,888
Derivative financial assets		**17,006**	17,731
Cash and cash equivalents		**4,232,835**	1,526,465
Total current assets		**9,554,044**	5,539,485
CURRENT LIABILITIES			
Due to an associate		**45,707**	42,633
Trade and bills payables	*9*	**2,224,650**	1,035,660
Other payables and accrued liabilities		**487,575**	359,288
Derivative financial liabilities		**8,026**	3,194
Tax payable		**306,821**	252,770
Interest-bearing bank borrowings		**3,024,535**	1,223,044
Total current liabilities		**6,097,314**	2,916,589
Net current assets		**3,456,730**	2,622,896
Total assets less current liabilities		**6,162,727**	5,338,898
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**563,724**	489,744
Deferred tax		**86,316**	56,458
Total non-current liabilities		**650,040**	546,202
Net assets		**5,512,687**	4,792,696
EQUITY			
Equity attributable to equity holders of the Company			
Issued capital		**68,042**	66,730
Reserves		**4,756,324**	4,159,084
Proposed final dividend		**408,284**	347,042
		5,232,650	4,572,856
Non-controlling interests		**280,037**	219,840
Total equity		**5,512,687**	4,792,696

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 2010, 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 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
HKFRS 5 Amendments 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*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs issued in May 2009
HK Interpretation 4 Amendment	Amendment to HK Interpretation 4 *Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
HK Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of Term Loan that Contains a Repayment on Demand Clause*

Other than as further explained below regarding the impact of HKFRS 3 (Revised), HKAS 27 (Revised), amendments to HKAS 7 and HKAS 17 included in *Improvements to HKFRSs 2009*, the adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKFRS 3 (Revised) *Business Combinations* and HKAS 27 (Revised) *Consolidated and Separate Financial Statements*

HKFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

HKAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to HKAS 7 *Statement of Cash Flows*, HKAS 12 *Income Taxes*, HKAS 21 *The Effects of Changes in Foreign Exchange Rates* and HKAS 28 *Investments in Associates* and HKAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 April 2010.

(b) *Improvements to HKFRSs 2009* issued in May 2009 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- HKAS 7 *Statement of Cash Flows*: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cashflow from investing activities.
- HKAS 17 *Leases*: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in HKAS 17.

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 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters* [1]
	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperflation and Removal of Fixed Dates for First-time Adopters* [3]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets* [3]
HKFRS 9	*Financial Instruments* [5]
HKAS 12 Amendment	Amendment to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets* [4]
HKAS 24 (Revised)	*Related Party Disclosures* [2]
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement* [2]
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments* [1]

Apart from the above, the HKICPA has issued *Improvements to HKFRSs 2010* which sets out amendments to a number of HKFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to HKFRS 3 and HKAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas 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 although there are separate transitional provisions for each standard.

[1] Effective for annual periods beginning on or after 1 July 2010
[2] Effective for annual periods beginning on or after 1 January 2011
[3] Effective for annual periods beginning on or after 1 July 2011
[4] Effective for annual periods beginning on or after 1 January 2012
[5] Effective for annual periods beginning on or after 1 January 2013

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

3. Operating segment information

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

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

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

(c) the "others" segment principally comprises the provision of 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 of the Group for the years ended 31 March 2011 and 31 March 2010:

	Production, dyeing and sale of knitted fabric and yarn		**Retailing and distribution of casual apparel and accessory**		**Others**		**Eliminations**		**Consolidated**	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**5,971,395**	5,539,504	**5,856,617**	4,959,742	**33,768**	38,720	**-**	-	**11,861,780**	10,537,966
Intersegment sales	**-**	-	**-**	-	**4,981**	4,788	**(4,981)**	(4,788)	**-**	-
Other revenue	**95,637**	62,369	**(3,559)**	39,623	**28,900**	48,546	**(9,828)**	(9,584)	**111,150**	140,954
Total	**6,067,032**	5,601,873	**5,853,058**	4,999,365	**67,649**	92,054	**(14,809)**	(14,372)	**11,972,930**	10,678,920
Segment results	**908,417**	852,824	**407,130**	253,080	**38,147**	58,590	**-**	(4,689)	**1,353,694**	1,159,805
Interest income									**76,063**	25,670
Finance costs									**(25,817)**	(10,394)
Share of profit of an associate, net of tax									**55,644**	42,270
Profit before tax									**1,459,584**	1,217,351
Income tax expense									**(202,030)**	(116,607)
Profit for the year									**1,257,554**	1,100,744

(a) The following tables present revenue, profit and certain assets, liabilities and expenditure information of the Group for the years ended 31 March 2011 and 31 March 2010: *(continued)*

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**6,682,267**	5,465,324	**2,311,994**	1,721,423	**53,741**	212,580	**(666,327)**	(352,644)	**8,381,675**	7,046,683
Interest in an associate									**132,568**	120,349
Unallocated assets									**3,745,798**	1,088,455
Total assets									**12,260,041**	8,255,487
Segment liabilities	**1,808,213**	729,794	**1,325,144**	1,008,065	**66,837**	71,159	**(424,269)**	(368,243)	**2,775,925**	1,440,775
Unallocated liabilities									**3,971,429**	2,022,016
Total liabilities									**6,747,354**	3,462,791
Other segment information:										
Depreciation and amortisation	**228,722**	221,415	**87,512**	98,569	**1,641**	1,669	**-**	-	**317,875**	321,653
Capital expenditure	**80,068**	120,536	**109,188**	53,445	**13**	-	**-**	-	**189,269**	173,981
Other non-cash expenses/(income)	**32,706**	(22,600)	**20,187**	14,205	**55**	343	**-**	-	**52,948**	(8,052)
Fair value gains on investment properties	**-**	-	**-**	-	**9,800**	27,252	**-**	-	**9,800**	27,252

(b) Geographical information

The following table presents geographical revenue and non-current assets information of the Group for the years ended 31 March 2011 and 31 March 2010:

	USA		Mainland China		Japan		Hong Kong		Others		Eliminations		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**4,301,085**	4,039,293	**5,218,586**	4,223,709	**592,281**	819,049	**750,563**	625,766	**999,265**	830,149	**-**	-	**11,861,780**	10,537,966
(ii) Non-current assets:														
Non-current assets	**-**	-	**2,367,766**	2,377,921	**-**	-	**579,114**	410,611	**110,990**	89,011	**(351,873)**	(161,541)	**2,705,997**	2,716,002

The Group's geographical revenue and non-current 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% to the Group's revenue during the year.

4. Depreciation and amortisation

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Depreciation	**317,291**	320,988
Recognition of prepaid land lease payments	**584**	665
Total depreciation and amortisation	**317,875**	321,653

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Hong Kong and the mainland China taxes:		
Current year provision	**171,822**	87,969
Under/(Over) provision in prior years	**350**	(1,590)
Deferred tax	**29,858**	30,228
Tax charge for the year	**202,030**	116,607

6. Dividends

	Year ended 31 March	
	2011	2010
	HK$'000	*HK$'000*
Interim of HK23.0 cents (2010: HK22.0 cents) per share	**310,825**	292,242
Proposed final of HK30.0 cents (2010: HK26.0 cents) per share	**408,284**	347,042
	719,109	639,284

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 that year.

(b) Diluted earnings per share

The calculation of the diluted earnings per share for the year ended 31 March 2011 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	
	2011	2010
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**1,133,241**	1,007,213

	Number of shares Year ended 31 March	
	2011	2010
Shares		
Weighted average number of shares in issue during the year used in the basic earnings per share calculation	**1,343,596,236**	1,328,681,142
Effect of dilution - weighted average number of ordinary shares:		
Share options	**14,201,889**	8,866,502
Weighted average number of shares in issue during the year used in the diluted earnings per share calculation	**1,357,798,125**	1,337,547,644

8. Trade and bills receivables

Trade and bills receivables included trade receivables of HK$593,414,000 (2010: HK$582,876,000) and bills receivable of HK$1,082,640,000 (2010: HK$437,649,000). An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of impairment of HK$13,000 (2010: HK$12,000), is as follows:

	31 March	
	2011	2010
	HK$'000	*HK$'000*
Trade receivables		
Within 90 days	**584,173**	575,502
Over 90 days	**9,228**	7,362
	593,401	582,864

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

Trade and bills payables included trade payables of HK$1,400,632,000 (2010: HK$994,802,000) and bills payable of HK$824,018,000 (2010: HK$40,858,000). An aged analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 March	
	2011	2010
	HK$'000	*HK$'000*
Trade payables		
Within 90 days	**1,383,556**	977,321
Over 90 days	**17,076**	17,481
	1,400,632	994,802

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	
	2011	2010
	HK$'000	*HK$'000*
Bank guarantees given in lieu of property rental deposits	**6,492**	4,517
Guarantees of banking facilities granted to an associate	**12,500**	12,500

(b) 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, March 2008, February 2009, January 2010 and March 2011, protective tax assessments totalling HK$322,038,000, HK$224,000,000, HK$275,000,000, HK$578,000,000 and HK$246,050,000 for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004 and 2004/2005, 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, HK$25,000,000 and HK$32,000,000 for the years of assessment 2000/2001, 2001/2002, 2002/2003, 2003/2004 and 2004/2005, respectively. In view that the tax review is still in progress, the outcome of the case is still uncertain. 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 HK30.0 cents (2010: HK26.0 cents) per ordinary share which, together with the interim dividend of HK23.0 cents (2010: HK22.0 cents) per ordinary share paid in January 2011, will make a total dividend of HK53.0 cents (2010: HK48.0 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 Tuesday, 11 October 2011 to the shareholders registered on the Register of Members on Wednesday, 17 August 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Thursday, 4 August 2011 to Friday, 5 August 2011 (both days inclusive) for the purpose of determining the identity of members who are entitled to attend and vote at the Annual General Meeting. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued on the exercise of the subscription rights attached to the outstanding share options granted by the Company. In order to qualify 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 Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 3 August 2011.

The Register of Members of the Company will be closed from Thursday, 11 August 2011 to Wednesday, 17 August 2011 (both days inclusive) for the purpose of determining the identity of members who are entitled to the final dividend for the year ended 31 March 2011. 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 2011, 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 Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Wednesday, 10 August 2011.

MANAGEMENT'S DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For this financial year ended 31 March 2011, the Group's total revenue increased by 12.6% to HK$11,862 million (2010: HK$10,538 million). Profit for the year attributable to the equity holders of the Company amounted to HK$1,133 million (2010: HK$1,007 million), a rise of 12.5%. The Group's gross profit margin was 33.7% (2010: 33.4%), a slight increase of 0.3% from last year. The Board has recommended a final dividend of HK30.0 cents (2010: HK26.0 cents) per ordinary share. Including interim dividend, total dividend per ordinary share would be HK53.0 cents, an increase of 10.4% from last year's HK48.0 cents.

Textile business

Revenue of the textile business amounted to HK$5,971 million (2010: HK$5,540 million), a growth of 7.8%. The sum represented 50.3% of the Group's total revenue. The operating environment was unfavourable due to the sharp rise of raw material cost. The Group had to surrender some risky rush orders as longer tenor was required to secure the raw materials in such a volatile situation. Gross profit margin slightly dropped to 20.4% from last year's 21.6%. Average selling price was up by 23.0% and sales volume decreased by 15.9%. In the period, the performance and the key financial ratios of the business were as below:

(HK$'million)	**2011**	2010	2009	2008	2007
Net sales	**5,971**	5,540	5,058	5,386	4,627
Gross profit margin *(%)*	**20.4**	21.6	21.2	21.3	19.1
Operating profit *(note)*	**908**	853	776	910	664
EBITDA *(note)*	**1,137**	1,074	992	1,108	837
Return on total assets *(%) (note)*	**8.3**	12.6	13.7	14.8	13.7
Return on sales *(%) (note)*	**14.6**	14.9	15.1	15.4	14.5
Return on equity *(%) (note)*	**17.4**	18.8	18.9	22.5	20.5
Capital expenditure	**80**	121	104	216	468

Note: Exclude interest income and rental income

Retail and distribution business

Sales of the retail business increased remarkably by 18.1% to HK$5,857 million (2010: HK$4,960 million). The amount represented 49.4% of the Group's total turnover. The performance of this sector has continued to show improvement. Gross profit margin and operating profit margin rose to 47.1% (2010: 46.4%) and 6.9% (2010: 5.1%) respectively. In the period, the Group established additional 255 new stores in the Mainland China. The China market has excellent development potential and the Group will continue to focus its expansion in this big country. At the year end,

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

(HK$'million)	**2011**	2010	2009	2008	2007
Net sales	**5,857**	4,960	4,900	4,239	3,625
Gross profit margin *(%)*	**47.1**	46.4	45.3	49.1	47.8
Sales growth of comparable shops *(%)(note 1)*	**13.8**	3.7	6.5	21.4	2.9
Operating profit *(note 2)*	**407**	253	160	242	21
EBITDA *(note 2)*	**495**	351	279	364	147
Return on total assets *(%) (note 2)*	**12.5**	9.7	5.5	2.1	(0.4)
Return on sales *(%) (note 2)*	**5.0**	3.7	1.3	0.8	(0.4)
Return on equity *(%) (note 2)*	**38.6**	40.0	23.5	26.2	(9.1)
Capital expenditure	**109**	53	107	76	141

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)	**2011**	2010	2009	2008	2007
Baleno	**3,089**	2,463	2,311	1,589	1,584
S&K	**846**	757	809	826	601
I.P. Zone	**643**	601	639	528	441
ebase	**399**	326	383	462	398
Others	**880**	813	758	834	601
Total	**5,857**	4,960	4,900	4,239	3,625

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

Mainland China

	2011	2010	2009	2008	2007
Net sales *(HK$' million)*	**4,987**	4,097	3,834	3,124	2,431
Increase in net sales *(%)*	**22**	7	23	29	10
Retail floor area *(sq. ft.)**#	**2,162,123**	1,748,531	1,866,008	1,692,967	1,672,807
Number of sales associates*#	**11,348**	9,957	10,701	10,442	11,089
Number of outlets*△	**3,894**	3,639	3,828	3,477	3,347

Hong Kong and Macau

	2011	2010	2009	2008	2007
Net sales *(HK$' million)*	**465**	416	402	404	476
Increase/(decrease) in net sales *(%)*	**12**	3	(1)	(15)	(4)
Retail floor area *(sq. ft.)**#	**54,960**	52,555	56,131	63,957	74,907
Number of sales associates *#	**482**	422	398	396	447
Number of outlets *#	**63**	62	65	70	87

Taiwan

	2011	2010	2009	2008	2007
Net sales *(HK$' million)*	**405**	375	426	397	427
Increase/(decrease) in net sales *(%)*	**8**	(12)	7	(7)	(17)
Retail floor area *(sq. ft.)**#	**135,734**	125,497	187,230	199,443	202,080
Number of sales associates*#	**608**	602	641	747	874
Number of outlets *△	**161**	154	194	217	259

Singapore

	2011	2010	2009	2008	2007
Net sales *(HK$' million)*	**-**	48	166	233	221
Increase/(decrease) in net sales *(%)*	**(100)**	(71)	(29)	5	26
Retail floor area *(sq.ft.)**#	**-**	-	24,877	43,149	61,601
Number of sales associates*#	**-**	-	157	318	456
Number of outlets*#	**-**	-	23	44	64

Malaysia

	2011	2010	2009	2008	2007
Net sales *(HK$' million)*	**-**	24	72	81	70
Increase/(decrease) in net sales *(%)*	**(100)**	(67)	(11)	16	71
Retail floor area *(sq. ft.)**#	**-**	-	33,185	44,630	59,170
Number of sales associates*#	**-**	-	134	149	243
Number of outlets*#	**-**	-	16	20	30

** As at the end of the reporting period*
 # For self-managed stores
△ Including self-managed and franchise stores

Garment manufacturing business

The group conducted its garment manufacturing business via its investment in an associate. Revenue of this associate decreased 4.9% to HK$1,215 million (2010: HK$1,277 million). Net profit contribution to the Group amounted to HK$56 million (2010: HK$42 million), a rise of 33.3%. In the year, 66.7% (2010: 80.7%) of the fabric consumed was supplied by the Group's textile arm and sales to the retail operation accounted for 29.6% (2010: 20.9%) of its revenue. Also due to rising costs, business environment was uneasy in the period. However, the management has exercised stringent cost control to enhance operating efficiency. Gross profit margin thus increased to 15.2% from last year's 10.9%.

FINANCIAL CONDITION

Liquidity and financial resources

The Group continued to maintain a strong financial position. The current ratios, the total bank debts and the gearing ratio as at the year end were 1.6, HK$3,578 million and 0.0 (2010: 1.9 HK$1,713 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 decrease in current ratio was mainly due to the increase in intra-group bills payable and total bank debts. The increase in total bank debts was mainly for financing the increase in inventory level and foreign currency bank deposits for the hedge of the surge in raw material prices and the exposure to foreign currency risk. With the increase in foreign currency deposits, the Group was able to enjoy the enhancement of the net yield from the deposits. The net cash inflow from operating activities for the year was HK$1,256 million (2010: HK$797 million).

During the year, the interest cover, the trade and bills receivables to turnover and the inventory to turnover were 58 times, 51 days and 91 days (2010: 118 times, 35 days and 75 days) respectively. The drop in interest cover was mainly due to the increase in finance costs as a result of the rise in bank borrowings. The increase in the trade and bills receivables to turnover was mainly due to the increase in intra-group bills receivable. Excluding the intra-group bills receivable, the trade and bills receivables to turnover during the year was 29 days (2010: 35 days). The Group mainly satisfied its funding requirements with cash inflow from its operating activities and bank borrowings. At the year end, the cash and cash equivalent, the equity attributable to equity holders of the Company and the unutilized banking facilities were HK$4,233 million, HK$5,233 million and HK$4,735 million (2010: HK$1,526 million, HK$4,573 million and HK$3,074 million) respectively.

Capital expenditure

In view of the modest economic recovery during the year, the textile division of the Group continued to expand cautiously. For the retail and distribution division, as the consumer spending sentiment in the mainland China remained high during the year, the Group speeded up its expansion plan. The total capital expenditure incurred by the Group during the year was HK$189 million (2010: HK$174 million). HK$80 million (2010: HK$121 million) was incurred by the textile business mainly for the expansion of its manufacturing plant and the addition of machinery. For the retail and distribution business, HK$109 million (2010: HK$53 million) was incurred mainly for the expansion of its retail network in the PRC.

Pledge of assets

No significant assets were pledged as at 31 March 2011 and 31 March 2010.

Contingent liabilities

Details of the contingent liabilities as at 31 March 2011 and 31 March 2010 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 three years. As the economic conditions continued 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 interest rate risk whenever appropriate.

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

Human Resources

As at 31 March 2011, the Group had about 24,300 (2010: 24,000) employees in the Greater China. The remuneration of the employees was largely based on industry practice and the performance of individual employee.

Corporate social responsibility

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

During the year, some of the activities the Group participated in were:

(1) Donation to World Wide Fund for Nature;
(2) Dress Special Day 2010;
(3) HSBC Share-to-Care Volunteer Campaign;
(4) The Community Chest Green Day 2011;
(5) Skip Lunch Day 2011; and
(6) Artistes 311 Love Beyond Borders.

For the year under review, The Hong Kong Council of Social Service awarded the Group with the "Caring Company 2010/11" Logo in recognition of the Group's contribution to voluntary community services.

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

Outlook

The global economy is anticipated to have further stabilization and improvements. Affecting by the high raw material cost, the operating environment of textile business will still be uncertain in the short run. However, the tough situation has put the industry consolidation even faster. In the coming years, the less competitive environment will provide good expansion opportunities to the Group.

For the retail, the Group will continue its expansion in the fast-growing China market. In the next year, the Group will add 250 to 300 new outlets in the place. The business is in a healthy foundation and continuous improved performance is optimistically expected.

The Group has prepared about HK$300 million as capital expenditure for the new financial year. In solid financial position, the Group possesses strong competence for continuous development. The management is confident to achieve improved results in the next 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 of Hong Kong Limited (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 Highest	Price per share Lowest	Aggregate consideration
		HK$	*HK$*	*HK$*
25 February 2011	8,000	7.75	7.70	62,000
2 March 2011	124,000	7.74	7.70	957,000
17 March 2011	30,000	7.29	7.29	219,000
	162,000			1,238,000 *

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$1,234,000 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$4,000.*

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, Mr. Wong Tze Kin, David (resigned on 1 April 2011), Mr. Au Son Yiu, and Mr. Cheng Shu Wing. During the year, the Committee was chaired by Mr. Wong Tze Kin, David. On 1 April 2011, Mr. Law Brian Chung Nin was appointed as independent non-executive director and the chairman of the Committee in succession of Mr. Wong Tze Kin, David. Mr. Wong Tze Kin, David and Mr. Law Brian Chung Nin are both qualified accounting professionals.

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 operating 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 Kei Chak, Mr. Poon Kai Chak, Mr. Ting Kit Chung, Mr. Poon Ho Wa; and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Law Brian Chung Nin.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for 2010/2011 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, 22 June 2011