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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 2011

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 2011. The interim results have been reviewed by the Company’s audit committee.

Condensed Consolidated Income Statement

	Notes	Six months ended 30 September	
		2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
REVENUE	4	6,711,689	5,375,828
Cost of sales		(4,698,543)	(3,665,153)
Gross profit		2,013,146	1,710,675
Other income and gains	5	110,129	87,986
Selling and distribution costs		(1,139,410)	(869,645)
Administrative expenses		(352,543)	(333,076)
Other operating expenses, net		(2,453)	(873)
Finance costs		(16,827)	(14,014)
Share of profit of an associate, net of tax		31,505	20,870
PROFIT BEFORE TAX	6	643,547	601,923
Income tax expense	7	(67,173)	(62,664)
PROFIT FOR THE PERIOD		576,374	539,259

*For identification purpose only

Attributable to:			
Ordinary equity holders of the Company		570,500	504,604
Non-controlling interests		5,874	34,655
		576,374	539,259
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Earnings per share attributable to ordinary equity holders of the Company (HK cents)	9		
Basic		41.9	37.8
Diluted		41.5	37.4
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Details of the dividends for the period are disclosed in note 8 to the financial statements.

Condensed Consolidated Statement of Comprehensive Income

	Six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	576,374	539,259
Other comprehensive income:		
Exchange differences on translation of foreign operations	132,138	44,405
Total comprehensive income for the period	708,512	583,664
Attributable to:		
Ordinary equity holders of the Company	691,604	550,437
Non-controlling interests	16,908	33,227
	708,512	583,664

Condensed Consolidated Statement of Financial Position

		At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,163,278	2,160,778
Investment properties		167,211	169,094
Prepaid land lease payments		23,415	23,469
Construction in progress		88,893	75,991
Trademarks		33,293	33,293
Investment in an associate		169,106	132,568
Long term rental deposits		124,535	110,804
Held-to-maturity investments		15,892	-
Total non-current assets		2,785,623	2,705,997
CURRENT ASSETS			
Inventories		2,447,333	2,960,378
Trade receivables	11	764,361	593,401
Bills receivable – external trade		432,350	348,060
Bills receivable – intra-group trade		1,462,990	734,580
Prepayments, deposits and other receivables		675,988	667,784
Derivative financial assets		6,210	17,006
Cash and cash equivalents		4,608,280	4,232,835
Total current assets		10,397,512	9,554,044
CURRENT LIABILITIES			
Due to an associate		23,748	45,707
Trade payables	12	1,363,608	1,400,632
Bills payable – external trade		93,130	89,438
Bills payable – intra-group trade		1,462,990	734,580
Other payables and accrued liabilities		468,623	487,575
Derivative financial liabilities		6,860	8,026
Tax payable		305,217	306,821
Interest-bearing bank borrowings		2,752,877	3,024,535
Dividend payable		408,284	-
Total current liabilities		6,885,337	6,097,314
Net current assets		3,512,175	3,456,730
Total assets less current liabilities		6,297,798	6,162,727

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	387,553	563,724
Deferred tax	95,156	86,316
Total non-current liabilities	482,709	650,040
Net assets	5,815,089	5,512,687
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued capital	68,062	68,042
Reserves	5,096,158	4,756,324
Interim/final dividends	353,924	408,284
	5,518,144	5,232,650
Non-controlling interests	296,945	280,037
Total equity	5,815,089	5,512,687

Condensed Consolidated Statement of Changes in Equity

	Attributable to ordinary equity holders of the Company												
	Issued capital	Share premium account	Share option reserve	Capital redemption reserve	Contributed surplus	Exchange fluctuation reserve	Asset revaluation reserve	Legal reserve	Retained profits	Dividends	Total	Non-controlling interests	Total equity
	(Unaudited)	(Unaudited)	(Unaudited)	(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	HK\$'000	HK\$'000	HK\$'000
At 1 April 2011	68,042	586,285	2,985	1,695	3,986	282,565	25,389	49	3,853,370	408,284	5,232,650	280,037	5,512,687
Exchange realignment	-	-	-	-	-	121,104	-	-	-	-	121,104	11,034	132,138
Profit for the period	-	-	-	-	-	-	-	-	570,500	-	570,500	5,874	576,374
Total comprehensive income for the period	-	-	-	-	-	121,104	-	-	570,500	-	691,604	16,908	708,512
Exercise of share options	20	2,604	(450)	-	-	-	-	-	-	-	2,174	-	2,174
2010/2011 final dividend	-	-	-	-	-	-	-	-	-	(408,284)	(408,284)	-	(408,284)
2011/2012 interim dividend	-	-	-	-	-	-	-	-	(353,924)	353,924	-	-	-
At 30 September 2011	68,062	588,889	2,535	1,695	3,986	403,669	25,389	49	4,069,946	353,924	5,518,144	296,945	5,815,089
At 1 April 2010	66,730	392,208	4,110	1,687	3,986	145,582	25,389	49	3,586,073	347,042	4,572,856	219,840	4,792,696
Exchange realignment	-	-	-	-	-	45,833	-	-	-	-	45,833	(1,428)	44,405
Profit for the period	-	-	-	-	-	-	-	-	504,604	-	504,604	34,655	539,259
Total comprehensive income for the period	-	-	-	-	-	45,833	-	-	504,604	-	550,437	33,227	583,664
Exercise of share options	23	3,173	(675)	-	-	-	-	-	-	-	2,521	-	2,521
2009/2010 final dividend	-	-	-	-	-	-	-	-	-	(347,042)	(347,042)	-	(347,042)
2010/2011 interim dividend	-	-	-	-	-	-	-	-	(310,755)	310,755	-	-	-
At 30 September 2010	66,753	395,381	3,435	1,687	3,986	191,415	25,389	49	3,779,922	310,755	4,778,772	253,067	5,031,839

Condensed Consolidated Statement of Cash Flows

	Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
NET CASH FLOWS FROM OPERATING ACTIVITIES	799,097	736,619
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES	568,515	(526,284)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(462,482)	(176,042)
NET INCREASE IN CASH AND CASH EQUIVALENTS	905,130	34,293
Cash and cash equivalents at beginning of period	1,466,935	1,274,389
Foreign exchange adjustments	63,365	(5,170)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,435,430	1,303,512
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	507,957	310,176
Non-pledged time deposits with original maturity within three months when acquired	1,927,473	993,336
Non-pledged time deposits with original maturity over three months when acquired	2,172,850	949,596
Cash and cash equivalents as stated in the condensed consolidated statement of financial position	4,608,280	2,253,108
Less : Non-pledged time deposits with original maturity over three months when acquired	(2,172,850)	(949,596)
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows	2,435,430	1,303,512

Notes to the 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 (the “HKICPA”) 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. SIGNIFICANT 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 2011, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, HKASs and Interpretations) issued by the HKICPA that affect the Group and are adopted for the first time for the current period's financial statements:

HKFRS 1 Amendment	Amendment to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards</i> – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKAS 24 (Revised)	<i>Related Party Disclosures</i>
HK(IFRIC)-Int 14 Amendment	Amendment to HK(IFRIC)-Int 14 <i>Prepayments of a Minimum Funding Requirement</i>
HK(IFRIC)-Int 19	<i>Extinguishing Financial Liabilities with Equity Instruments</i>

The adoption of the HKFRSs listed above has had no significant impact on the Group's unaudited condensed interim financial statements for the six months ended 30 September 2011.

For the following 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.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards</i> – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters ¹
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Disclosures – Transfers of Financial Assets</i> ¹
HKFRS 9	<i>Financial Instruments</i> ⁴
HKFRS 10	<i>Consolidated Financial Statements</i> ⁴
HKFRS 11	<i>Joint Arrangements</i> ⁴
HKFRS 12	<i>Disclosure of Interests in Other Entities</i> ⁴
HKFRS 13	<i>Fair Value Measurement</i> ⁴
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Items of Other Comprehensive Income</i> ³
HKAS 12 Amendments	Amendments to HKAS 12 <i>Deferred Tax : Recovery of Underlying Assets</i> ²
HKAS 19 (2011)	<i>Employee Benefits</i> ⁴

HKAS 27 (2011)

*Separate Financial Statements*⁴

HKAS 28 (2011)

*Investments in Associates and Joint Ventures*⁴

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 Group has adopted all the amendments from 1 April 2011. The adoption of these HKFRSs did not affect the Group's result of operations or financial position.

¹ Effective for annual periods beginning on or after 1 July 2011

² Effective for annual periods beginning on or after 1 January 2012

³ Effective for annual periods beginning on or after 1 July 2012

⁴ Effective for annual periods beginning on or after 1 January 2013

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 2011.

4. 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.

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 of the Group for the six months ended 30 September 2011 and 30 September 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
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Segment revenue:										
Sales to external customers	3,752,976	3,092,871	2,945,991	2,265,825	12,722	17,132	-	-	6,711,689	5,375,828
Intersegment sales	-	-	-	-	2,585	2,539	(2,585)	(2,539)	-	-
Other revenue	12,138	48,062	9,476	4,151	13,051	8,395	(2,079)	(1,574)	32,586	59,034
Total	3,765,114	3,140,933	2,955,467	2,269,976	28,358	28,066	(4,664)	(4,113)	6,744,275	5,434,862
Segment results	505,365	454,761	30,164	100,206	15,797	12,148	-	(1,000)	551,326	566,115
Interest income									77,543	28,952
Finance costs									(16,827)	(14,014)
Share of profit of an associate, net of tax									31,505	20,870
Profit before tax									643,547	601,923
Income tax expense									(67,173)	(62,664)
Profit for the period									576,374	539,259

5. OTHER INCOME AND GAINS

	Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interest income	77,543	28,952
Net fair value gains on foreign exchange derivative financial instruments	-	25,349
Gross rental income on investment properties	9,135	4,277
Government subsidies	2,531	2,435
Gain on disposal of items of property, plant and equipment	5,305	1,674
Sundry income	15,615	25,299
	110,129	87,986

6. PROFIT BEFORE TAX

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

	Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Depreciation	165,778	152,830
Recognition of prepaid land lease payments	294	291
Provision/(write-back of provision) for slow-moving inventories	100,857	(299)

7. INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 September 2010: 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 jurisdictions in which the Group operates.

	Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Hong Kong and mainland China taxes:		
Current period provision	52,296	53,768
Under provision in prior years	5,803	2,487
Deferred tax	8,841	6,229
Elsewhere tax:		
Current period provision	233	180
Tax charge for the period	67,173	62,664

8. DIVIDENDS

	Six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Interim dividend	353,924	310,755
Interim dividend per share (<i>HK cents</i>)	26.0	23.0

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the Company of HK\$570,500,000 (six months ended 30 September 2010: HK\$504,604,000) and the weighted average number of 1,361,073,153 (six months ended 30 September 2010: 1,334,793,350) 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	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	570,500	504,604
Shares		
Number of shares Six months ended 30 September		
	2011 (Unaudited)	2010 (Unaudited)
Weighted average number of shares in issue during the period used in the basic earnings per share calculation	1,361,073,153	1,334,793,350
Effect of dilution — weighted average number of ordinary shares:		
Share options	12,145,470	13,708,608
Weighted average number of shares in issue during the period used in the diluted earnings per share calculation	1,373,218,623	1,348,501,958

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 September 2011, the Group acquired items of property, plant and equipment with a cost of HK\$107,158,000 (six months ended 30 September 2010: HK\$84,884,000). Items of property, plant and equipment with a net book value of HK\$2,139,000 (six months ended 30 September 2010: HK\$1,310,000) were disposed of during the six months ended 30 September 2011.

11. TRADE RECEIVABLES

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 (31 March 2011: HK\$13,000), is as follows:

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Within 90 days	758,387	584,173
Over 90 days	5,974	9,228
	764,361	593,401

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.

12. TRADE PAYABLES

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

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Within 90 days	1,333,703	1,383,556
Over 90 days	29,905	17,076
	1,363,608	1,400,632

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

13. CONTINGENT LIABILITIES

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

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
Bank guarantees given in lieu of property rental deposits	6,612	6,492
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.

14. CAPITAL COMMITMENTS

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

	At 30 September 2011 (Unaudited) HK\$'000	At 31 March 2011 (Audited) HK\$'000
In respect of property, plant and equipment, contracted but not provided for	5,297	862
In respect of property, plant and equipment, authorised but not contracted for	330,331	330,331
	335,628	331,193

15. RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended	
		2011	2010
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Sales to Megawell	(i)	289,666	181,644
Purchases from Megawell	(ii)	240,484	188,905
Rental expenses paid to related companies	(iii)	12,141	12,211

Notes:

- (i) *The sales to Megawell, an associate of the Group, 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 were made according to the prices and conditions similar to those offered to other customers of Megawell.*
- (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, retail outlets and training centre for certain subsidiaries in Hong Kong and 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 Company and Group have provided certain guarantees for banking facilities granted to Megawell, as detailed in note 13(a) to the financial statements.

(b) As at 30 September 2011, Nice Dyeing Factory Limited, a wholly-owned subsidiary of the Company, has provided advances of HK\$59,536,000 (31 March 2011: HK\$72,043,000) to Baleno Kingdom Limited, a non-wholly-owned subsidiary of the Company, at Hong Kong Interbank Offered Rate ("HIBOR") plus 3% (31 March 2011: HIBOR plus 3%) per annum. The advance is unsecured and has no fixed terms of repayment.

As at 30 September 2011, Nice Dyeing Factory (Macao Commercial Offshore) Limited, a wholly-owned subsidiary of the Company, has provided advances of HK\$291,845,000 (31 March 2011: HK\$257,062,000) to Baleno Holdings Limited, a non-wholly-owned subsidiary of the Company, at 4.8% (31 March 2011: 83% of HIBOR plus 3%) per annum. The advance is unsecured and has no fixed terms of repayment.

In addition, as at 30 September 2011, Dongguan Texwinca Textile & Garment Limited, a wholly-owned subsidiary of the Company, has provided advances of HK\$294,095,000 (31 March 2011: nil) to Guangzhou Friendship Baleno Company Limited, a non-wholly-owned subsidiary of the Company, at 2.9% per annum. The advance is unsecured and has no fixed terms of repayment.

The principal purpose of the above advances is to finance the operations of Baleno Holdings Limited and its subsidiaries.

(c) A non-controlling shareholder of the Group's 64%-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\$18,300,000 (31 March 2011: HK\$22,317,000) as included in the balance of the prepayments, deposits and other receivables of the Group as at the end of the reporting period.

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

	Six months ended	
	30 September	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Short term employee benefits	58,662	42,041
Post-employment benefits	30	30
Compensation for non-competition undertaking	4,960	-
Total compensation paid to key management personnel	63,652	42,071

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTERIM DIVIDEND

The Board has declared an interim dividend of HK26.0 cents (six months ended 30 September 2010: HK23.0 cents) per ordinary share for the six months ended 30 September 2011. The interim dividend will be payable on Tuesday, 10 January 2012 to shareholders registered on the Register of Members on Friday, 23 December 2011.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Monday, 19 December 2011 to Friday, 23 December 2011 (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 interim dividend for the six months ended 30 September 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 Friday, 16 December 2011.

BUSINESS REVIEW

The Group's total revenue for the six months ended 30 September 2011 amounted to HK\$6,712 million (six months ended 30 September 2010 : HK\$5,376 million), a growth of 24.9% compared to last year. Net profit attributable to the equity holders of the Company was HK\$571 million (six months ended 30 September 2010 : HK\$505 million), an increase of 13.1% over last year. The Board has recommended an interim dividend of HK26.0 cents per ordinary share, an increase of 13.0% over last interim period's HK23.0 cents per ordinary share.

Textile business

Turnover of the textile business grew by 21.3% to HK\$3,753 million (six months ended 30 September 2010 : HK\$3,093 million). The amount was 55.9% of the Group's total turnover. Cotton price dropped substantially from the peak point by about 40% in the period. However, average product selling price was still 28.5% higher than the same period last year. Sales volume decreased by 5.9%. The operating environment was still volatile that the Group was difficult to enhance profit margins. Gross profit margin declined to 17.6% from last interim's 19.7%. The business performance and the key financial ratios were as below :

(HK\$ million)	Six months ended 30 Sep 2011	Yearended 31 Mar 2011	Six months ended 30 Sep 2010	Yearended 31 Mar 2010	Yearended 31 Mar 2009
Net sales	3,753	5,971	3,093	5,540	5,058
Gross profit margin (%)	17.6	20.4	19.7	21.6	21.2
Operating profit (note)	505	908	455	853	776
EBITDA (note)	618	1,137	569	1,074	992
Return on total assets (%) (note)	4.7	8.3	6.3	12.6	13.7
Return on sales (%) (note)	14.0	14.6	14.2	14.9	15.1
Return on equity (%) (note)	10.1	17.4	9.7	18.8	18.9
Capital expenditure	34	80	50	121	104

Note : Exclude interest income and rental income.

Retail and distribution business

Revenue of the business amounted to HK\$2,946 million (six months ended 30 September 2010 : HK\$2,266 million), a rise of 30.0%. The figure represented 43.9% of the Group's total turnover. The consumer sentiment in China was less robust in the period. The Group had to make higher price discounting in order to maintain a healthy inventory level. Gross profit margin was thus down to 45.7% from last year's 48.2%. In the period, 56 new stores were added mainly in mainland China. At the period end :

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

(HK\$ million)	Six months ended 30 Sep 2011	Yearended 31 Mar 2011	Six months ended 30 Sep 2010	Yearended 31 Mar 2010	Yearended 31 Mar 2009
Net sales	2,946	5,857	2,266	4,960	4,900
Gross profit margin (%)	45.7	47.1	48.2	46.4	45.3
Sales growth of comparable shops (%) (note 1)	13.9	13.8	10.3	3.7	6.5
Operating profit (note 2)	30	407	100	253	160
EBITDA (note 2)	82	495	139	351	279
Return on total assets (%) (note 2)	0.1	12.5	3.1	9.7	5.5
Return on sales (%) (note 2)	0.1	5.0	3.0	3.7	1.3
Return on equity (%) (note 2)	0.5	38.6	13.1	40.0	23.5
Capital expenditure	83	109	43	53	107

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 2011	Yearended 31 Mar 2011	Six months ended 30 Sep 2010	Yearended 31 Mar 2010	Yearended 31 Mar 2009
Baleno	1,619	3,089	1,186	2,463	2,311
S&K	403	846	331	757	809
I.P. Zone	303	643	247	601	639
ebase	204	399	165	326	383
Others	417	880	337	813	758
Total	2,946	5,857	2,266	4,960	4,900

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

Mainland China

	Six months ended 30 Sep 2011	Year ended 31 Mar 2011	Six months ended 30 Sep 2010	Year ended 31 Mar 2010	Year ended 31 Mar 2009
Net sales (HK\$ million)	2,506	4,987	1,901	4,097	3,834
Increase in net sales (%)	32	22	12	7	23
Retail floor area (sq. ft.) ^{*#}	2,258,546	2,162,123	1,813,599	1,748,531	1,866,008
Number of sales associates ^{*#}	11,618	11,348	10,325	9,957	10,701
Number of outlets ^{*△}	3,934	3,894	3,772	3,639	3,828

Hong Kong and Macau

	Six months ended 30 Sep 2011	Year ended 31 Mar 2011	Six months ended 30 Sep 2010	Year ended 31 Mar 2010	Year ended 31 Mar 2009
Net sales (HK\$ million)	247	465	194	416	402
Increase/(decrease) in net sales (%)	27	12	7	3	(1)
Retail floor area (sq. ft.) ^{*#}	59,203	54,960	51,751	52,555	56,131
Number of sales associates ^{*#}	485	482	409	422	398
Number of outlets ^{*#}	68	63	60	62	65

Taiwan

	Six months ended 30 Sep 2011	Year ended 31 Mar 2011	Six months ended 30 Sep 2010	Year ended 31 Mar 2010	Year ended 31 Mar 2009
Net sales (HK\$ million)	193	405	171	375	426
Increase/(decrease) in net sales (%)	13	8	8	(12)	7
Retail floor area (sq. ft.) ^{*#}	154,502	135,734	133,695	125,497	187,230
Number of sales associates ^{*#}	629	608	551	602	641
Number of outlets ^{*△}	172	161	160	154	194

Singapore

	Six months ended 30 Sep 2011	Year ended 31 Mar 2011	Six months ended 30 Sep 2010	Year ended 31 Mar 2010	Year ended 31 Mar 2009
Net sales (HK\$ million)	-	-	-	48	166
Decrease in net sales (%)	-	(100)	(100)	(71)	(29)
Retail floor area (sq. ft.) ^{*#}	-	-	-	-	24,877
Number of sales associates ^{*#}	-	-	-	-	157
Number of outlets ^{*#}	-	-	-	-	23

Malaysia

	Six months ended 30 Sep 2011	Year ended 31 Mar 2011	Six months ended 30 Sep 2010	Year ended 31 Mar 2010	Year ended 31 Mar 2009
Net sales (HK\$ million)	-	-	-	24	72
Decrease in net sales (%)	-	(100)	(100)	(67)	(11)
Retail floor area (sq. ft.) ^{*#}	-	-	-	-	33,185
Number of sales associates ^{*#}	-	-	-	-	134
Number of outlets ^{*#}	-	-	-	-	16

* At the end of the reporting period

For self-managed stores

△ Include self-managed and franchise stores

Garment manufacturing business

Sales of this associate grew remarkably by 26.7% to HK\$736 million (six months ended 30 September 2010 : HK\$581 million). Net profit contribution to the Group amounted to HK\$32 million (six months ended 30 September 2010 : HK\$21 million), an increase of 52.4%. Business environment was more favourable mainly due to greater demand from the Japanese market. In the period, 74% (six months ended 30 September 2010 : 60%) of the fabric consumed was supplied by the textile division of the Group and sales to the retail division of the Group was 33% (six months ended 30 September 2010 : 32%) 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 1.5, HK\$3,140 million and -0.3 (31 March 2011: 1.6, HK\$3,588 million and -0.1) respectively. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and cash equivalents, to the total equity. The net cash inflow from operating activities for the period was HK\$799 million (six months ended 30 September 2010: HK\$737 million).

During the period, the interest cover, the trade and bills receivables (excluding bills receivable for intra-group trade) to turnover and the inventory to turnover were 39 times, 33 days and 67 days (six months ended 30 September 2010: 44 times, 33 days and 74 days) respectively. The Group mainly satisfied 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 ordinary equity holders of the Company and the unutilized banking facilities were HK\$4,608 million, HK\$5,518 million and HK\$4,483 million (31 March 2011: HK\$4,233 million, HK\$5,233 million and HK\$4,735 million) respectively.

Capital expenditure

During the period, the Group continued to expand cautiously. The capital expenditure incurred by the Group during the period was HK\$117 million (six months ended 30 September 2010: HK\$95 million). HK\$34 million (six months ended 30 September 2010: HK\$50 million) was incurred by the textile business for the expansion of its manufacturing plant and the addition of machinery. And HK\$83 million (six months ended 30 September 2010: HK\$43 million) was incurred by the retail and distribution business for the expansion and renovation of its retail outlets.

Pledge of assets

No significant assets were pledged as at 30 September 2011 and 31 March 2011.

Contingent Liabilities

Details of the contingent liabilities as at 30 September 2011 and 31 March 2011 have been set out in note 13 to the financial statements.

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 global economic recovery remains mild, the interest rate is expected to stay a low level for a prolonged period. The Group will continue to monitor the interest rate movement and arrange financial instruments to reduce its interest rate risk whenever appropriate.

During the period, 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 30 September 2011, the Group had about 24,400 (31 March 2011: 24,300) 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 aforesaid activities with a view to developing a better future for our community.

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

- (1) Donation to World Wide Fund for Nature (Hong Kong);
- (2) Donation to Orbis for “World Sight Day 2011”;
- (3) Donation to Hong Kong Red Cross for 「Red Décor Day 2011」 ;
- (4) HSBC Pok Oi Cycle for Millions ;

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, educational and environmental protection activities to strive for a better future for our community.

OUTLOOK

Raw material price has returned to a more reasonable level. The operating environment will be more favourable for the textile business because of that. The Group will continue its capacity expansion and pursue profit margin enhancement.

For the retail business, 56 new stores were added in the interim period. The Group will continue its store expansion in the second half. The China consumer demand is still vigorous and the management expects a stronger business performance in the second half year.

Global economic outlook is still uncertain. The Group will carry out the business development in a careful manner. With solid financial background, the management is still confident to gain further improved results.

OTHER INFORMATION

DIRECTORS’ INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 September 2011, the interests and short positions of the directors in the shares 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 and capacity			Total	Percentage of the Company's issued share capital
	Directly or beneficially owned	Through spouse or minor children	Through controlled corporations		
Executive directors:					
Poon Bun Chak	32,888,000	168,800,104 ⁽¹⁾	456,450,000 ⁽²⁾	658,138,104	48.3
Poon Kei Chak	22,977,200	—	41,922,000 ⁽³⁾	64,899,200	4.8
Poon Kai Chak	10,702,800	—	—	10,702,800	0.8
Ting Kit Chung	4,100,000	—	—	4,100,000	0.3
Independent non-executive director:					
Au Son Yiu	100,000	—	—	100,000	0.0
	70,768,000	168,800,104	498,372,000	737,940,104	54.2

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 owns 50% equity interests.

Long positions in share options of the Company:

Name of director	Number of share options directly held or beneficially owned
Executive directors:	
Poon Kei Chak	8,000,000
Poon Kai Chak	7,000,000
Ting Kit Chung	7,500,000
Poon Ho Wa	200,000
Independent non-executive directors:	
Au Son Yiu	400,000
Cheng Shu Wing	400,000
	23,500,000

Save as disclosed above, as at 30 September 2011, none of the directors had registered an interest or short position in the shares, 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 2011, 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	Notes	Number of ordinary shares held	Percentage of the Company's issued share capital
Perfection (PTC) Inc.	Trustee	2, 3	625,250,104	45.9
Farrow Star Limited	Through controlled corporation	1	456,450,000	33.5
	Directly owned		168,800,104	12.4
		3	625,250,104	45.9
Giant Wizard Corporation	Directly owned	1, 2	456,450,000	33.5
FMR LLC	Through controlled corporation		79,930,001	5.9
Heung Mi Kuen Miraner	Through spouse	4	22,977,200	1.7
	Through controlled corporation	4	41,922,000	3.1
			64,899,200	4.8

Long positions in share options of the Company:

Name	Capacity	Note	Number of share options held	Percentage of the Company's issued share capital
Heung Mi Kuen Miraner	Through spouse	4	8,000,000	0.6

Notes:

1. The interests of Giant Wizard Corporation in the Company were duplicated by the indirect interests in the Company held by Farrow Star Limited.
2. The interests of Giant Wizard Corporation in the Company were duplicated by the indirect interests in the Company held by Perfection (PTC) Inc..
3. The interests of Farrow Star Limited in the Company were duplicated by the indirect interests in the Company held by Perfection (PTC) Inc..
4. The interests of Ms. Heung Mi Kuen Miraner in the Company were duplicated by the interests in the Company held by Mr. Poon Kei Chak, whose interests are set out in "Directors' interests and short positions in shares and underlying shares" above.

Save as disclosed above, as at 30 September 2011, 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 the shares or 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 period.

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 financial statements for the year ended 31 March 2011. As at 30 September 2011, the following share options were outstanding:

Name or category of participant	Date of grant of share options*	Exercise price of share options** HK\$ per share	At 1 April 2011	Number of share options		Exercise period of share options
				Exercised during the period	At 30 September 2011	
Executive directors						
Poon Kei Chak	11 September 2002	4.97	5,000,000	-	5,000,000	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
			8,000,000	-	8,000,000	

Poon Kai Chak	11 September 2002	4.97	4,000,000	-	4,000,000	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
			7,000,000	-	7,000,000		
Ting Kit Chung	11 September 2002	4.97	1,500,000	-	1,500,000	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
			7,500,000	-	7,500,000		
Poon Ho Wa	26 March 2004	5.60	200,000	-	200,000	1 April 2006 to 25 March 2014	
			200,000	-	200,000		
			22,700,000	-	22,700,000		
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		26 March 2004 to 25 March 2014
			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		26 March 2004 to 25 March 2014
			400,000	-	400,000		
			800,000	-	800,000		
Others							
In aggregate	11 September 2002	4.97	100,000	(100,000)	-	11 September 2002 to 10 September 2012	
	26 March 2004	5.60	4,700,000	-	4,700,000		26 March 2004 to 25 March 2014
	26 March 2004	5.60	1,790,000	(300,000)	1,490,000		1 April 2006 to 25 March 2014
			6,590,000	(400,000)	6,190,000		
			30,090,000	(400,000)	29,690,000		

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.*

The weighted average closing price of the Company's shares immediately before the exercise dates of the share options was HK\$9.25 per share.

AUDIT COMMITTEE

The Audit Committee (the “Committee”) consists of the three independent non-executive directors of the Board namely Mr. Au Son Yiu , Mr. Cheng Shu Wing and Mr. Law Brian Chung Nin. The Committee is chaired by Mr. Law Brian Chung Nin, 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 under review, 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 financial 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 operating 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 Kei Chak, Mr. Poon Kai Chak, Mr. Ting Kit Chung and Mr. Poon Ho Wa; 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 interim report for the six months ended 30 September 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, 18 November 2011