

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2016

RESULTS

The board of directors (the "Board") of Texwinca Holdings Limited (the "Company") has pleasure in presenting the consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016 with the comparative figures of last year as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 March	
		2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
REVENUE		9,343,282	9,322,316
Cost of sales		(6,170,639)	(6,144,692)
Gross profit		3,172,643	3,177,624
Other income and gains		173,518	286,630
Gain on disposal of trademarks		396,400	—
Gain on disposal of a subsidiary		268,918	—
Selling and distribution expenses		(1,898,701)	(1,841,004)
Administrative expenses		(774,684)	(761,432)
Other operating expenses, net		(13,073)	(13,500)
Finance costs		(14,908)	(23,935)
Share of profit of an associate, net of tax		34,423	33,865
PROFIT BEFORE TAX	4	1,344,536	858,248
Income tax expense	5	(87,416)	(85,717)
PROFIT FOR THE YEAR		1,257,120	772,531

* For identification purposes only

	<i>Notes</i>	Year ended 31 March	
		2016	2015
		HK\$'000	HK\$'000
Attributable to:			
Ordinary equity holders of the Company		1,050,655	773,293
Non-controlling interests		206,465	(762)
		<hr/> 1,257,120	<hr/> 772,531

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

7

Basic		<hr/> 76.0	<hr/> 56.0
Diluted		<hr/> 76.0	<hr/> 56.0

Details of the dividends for the year are disclosed in note 6 to the announcement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
PROFIT FOR THE YEAR	1,257,120	772,531
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods :		
Exchange differences on translation of foreign operations	(211,149)	1,818
Release of exchange reserve upon disposal of a subsidiary	(3,790)	—
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,042,181	774,349
Attributable to:		
Ordinary equity holders of the Company	847,179	775,649
Non-controlling interests	195,002	(1,300)
	1,042,181	774,349

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	31 March	
		2016	2015
		<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,427,803	1,607,700
Investment properties		416,734	425,303
Prepaid land lease payments		20,314	21,308
Construction in progress		51,610	34,159
Trademarks		33,293	33,293
Investment in an associate		84,251	96,182
Prepayments		42,468	—
Long term rental deposits		96,848	91,183
Long term held-to-maturity investments		514,111	—
		2,687,432	2,309,128
CURRENT ASSETS			
Inventories		2,047,191	1,867,472
Trade receivables	8	584,190	697,574
Bills receivable		113,409	219,021
Prepayments, deposits and other receivables		724,813	517,507
Held-to-maturity investments		128,470	—
Derivative financial assets		34,050	16,407
Cash and cash equivalents		3,005,253	4,372,060
		6,637,376	7,690,041
CURRENT LIABILITIES			
Trade payables	9	953,357	995,646
Bills payable		24,368	61,186
Other payables, accrued liabilities and deposits received		678,329	515,833
Due to an associate		73,033	3,060
Derivative financial liabilities		4,525	11,104
Tax payable		21,297	35,177
Interest-bearing bank borrowings		529,707	1,748,298
		2,284,616	3,370,304
Net current assets		4,352,760	4,319,737
Total assets less current liabilities		7,040,192	6,628,865
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		313,258	158,328
Deferred tax liabilities		166,305	150,705
		479,563	309,033
Net assets		6,560,629	6,319,832

	<i>Notes</i>	31 March 2016	2015
		HK\$'000	<i>HK\$'000</i>
EQUITY			
Equity attributable to ordinary equity holders of the Company			
Issued capital		69,085	69,085
Reserves		5,593,149	5,602,622
Proposed final dividend		469,777	414,509
		6,132,011	6,086,216
Non-controlling interests		428,618	233,616
Total equity		6,560,629	6,319,832

Notes:

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. These financial statements have been prepared under the historical cost convention, except for investment properties, certain leasehold land and buildings included in property, plant and equipment, and derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

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 2015, except in relation to the following new and revised HKFRSs that affect the Group and are adopted for the first time for the current year's financial statements:

HKAS 19 (2011) Amendments	Amendments to HKAS 19 (2011) <i>Defined Benefit Plans: Employee Contributions</i>
<i>Annual Improvements 2010-2012 Cycle</i>	Amendments to a number of HKFRSs.
<i>Annual Improvements 2011-2013 Cycle</i>	Amendments to a number of HKFRSs.

The adoption of the above revised standards and interpretation has had no significant financial effect on these financial statements.

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 9 (2014)	<i>Financial Instruments</i> ²
HKFRS 10 and HKAS 28 Amendments	Amendments to HKFRS 10 and HKAS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁵
HKFRS 10, HKFRS 12 and HKAS 28 Amendments	Amendments to HKFRS 10, HKFRS12 and HKAS 28 <i>Investment Entities: Applying the Consolidation Exception</i> ¹
HKFRS 11 Amendments	Amendments to HKFRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ⁴
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
HKFRS 16	<i>Leases</i> ³
HKAS 1 Amendments	Amendments to HKAS 1 <i>Disclosure Initiative</i> ¹
HKAS 16 and HKAS 38 Amendments	Amendments to HKAS 16 and HKAS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
HKAS 16 and HKAS 41 Amendments	Amendments to HKAS 16 and HKAS 41 <i>Agriculture: Bearer Plants</i> ¹
HKAS 27 (2011) Amendments	Amendments to HKAS 27 (2011) <i>Equity Method in Separate Financial Statements</i> ¹
<i>Annual Improvements 2012–2014 Cycle</i>	Amendments to a number of HKFRSs ¹

1 *Effective for annual periods beginning on or after 1 January 2016*

2 *Effective for annual periods beginning on or after 1 January 2018*

3 *Effective for annual periods beginning on or after 1 January 2019*

4 *Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group*

5 *No mandatory effective date is determined but is available for early adoption*

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 repair and maintenance services for motor vehicles, the provision of franchise services and properties investment.

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 gain on disposal of trademarks, gain on disposal of a subsidiary, unallocated corporate expenses, interest income, finance costs and share of profit of an associate, net of tax are excluded from such measurement.

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

Segment liabilities exclude interest-bearing bank borrowings, deposits received, 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 asset, liability and expenditure information of the Group for the years ended 31 March 2016 and 31 March 2015:

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	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	4,740,937	4,717,508	4,591,517	4,591,367	10,828	13,441	—	—	9,343,282	9,322,316
Intersegment sales	—	—	—	—	7,056	10,522	(7,056)	(10,522)	—	—
Other revenue	42,807	63,399	6,052	5,569	37,253	36,918	(5,679)	(4,799)	80,433	101,087
Total	4,783,744	4,780,907	4,597,569	4,596,936	55,137	60,881	(12,735)	(15,321)	9,423,715	9,423,403
Segment results	665,916	622,303	(92,533)	13,433	23,041	27,039	—	—	596,424	662,775
Reconciliation										
Gain on disposal of trademarks									396,400	—
Gain on disposal of a subsidiary									268,918	—
Unallocated expenses									(29,806)	—
Interest income									93,085	185,543
Finance costs									(14,908)	(23,935)
Share of profit of an associate, net of tax									34,423	33,865
Profit before tax									1,344,536	858,248
Income tax expense									(87,416)	(85,717)
Profit for the year									1,257,120	772,531

- (a) The following tables present revenue, profit and certain asset, liability and expenditure information of the Group for the years ended 31 March 2016 and 31 March 2015 (*continued*):

	Production, dyeing and sale of knitted fabric and yarn		Retailing and distribution of casual apparel and accessory		Others		Eliminations		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Assets and liabilities:										
Segment assets	4,419,434	4,332,956	2,273,749	1,792,721	463,259	474,217	(614,206)	(725,689)	6,542,236	5,874,205
Investment in an associate									84,251	96,182
Unallocated assets									2,698,321	4,028,782
Total assets									9,324,808	9,999,169
Segment liabilities	653,345	815,784	1,178,902	1,139,799	95,849	89,613	(346,884)	(458,367)	1,581,212	1,586,829
Unallocated liabilities									1,182,967	2,092,508
Total liabilities									2,764,179	3,679,337
Other segment information:										
Depreciation and amortisation	175,954	179,755	100,088	100,056	1,326	1,356	—	—	277,368	281,167
Capital expenditure	110,852	55,768	96,473	72,532	—	—	—	—	207,325	128,300
Provision /(write-back of provision) for slow- moving inventories	2,200	(1,333)	12,179	(17,390)	—	(1,030)	—	—	14,379	(19,753)
Impairment/(write-back of impairment) of trade receivables	—	—	2,154	(23)	—	—	—	—	2,154	(23)
Net fair value loss on investment properties	—	—	—	—	6,520	7,912	—	—	6,520	7,912

(b) Geographical information

The following table presents geographical revenue and non-current assets information of the Group for the years ended 31 March 2016 and 31 March 2015:

	USA		Mainland China		Japan		Hong Kong		Others		Eliminations		Consolidated	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
(i) Revenue from external customers:														
Segment revenue:														
Sales to external customers	2,704,253	2,896,022	4,439,339	4,220,937	1,068,698	1,135,685	972,465	733,659	158,527	336,013	—	—	9,343,282	9,322,316
(ii) Non-current assets:														
Non-current assets	—	—	1,597,719	1,721,301	—	—	839,950	848,272	56,220	69,627	(417,416)	(421,255)	2,076,473	2,217,945

The Group's geographical revenue and non-current assets information, excluding long term rental deposits and long term held-to-maturity investments, are based on the locations of the markets and assets, respectively.

(c) Information about major customers

No single external customer (2015: nil) contributed more than 10% to the Group's revenue during the year.

4. Profit before tax

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

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Depreciation	276,690	280,485
Recognition of prepaid land lease payments	678	682
(Gain)/loss on disposal of items of property, plant and equipment	(2,848)	1,730
	<u>276,690</u>	<u>280,485</u>

5. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2015: 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	
	2016	2015
	HK\$'000	HK\$'000
Hong Kong and Mainland China :		
Current year provision	73,003	69,922
Over-provision in prior years	(1,190)	(935)
Deferred tax	15,600	16,515
Elsewhere :		
Current year provision	3	215
	<u>87,416</u>	<u>85,717</u>
Tax charge for the year	<u>87,416</u>	<u>85,717</u>

6. Dividends

	Year ended 31 March	
	2016	2015
	HK\$'000	HK\$'000
Interim dividend of HK28.0 cents (2015: HK26.0 cents) per share	386,875	359,241
Proposed final dividend of HK16.0 cents (2015: HK30.0 cents) per share	221,071	414,509
Proposed special dividend of HK18.0 cents (2015: nil) per share	248,706	—
	<u>856,652</u>	<u>773,750</u>

The proposed final and special dividends 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

The calculation of the basic earnings per share is based on the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares in issue of 1,381,696,104 (2015: 1,381,696,104) during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 March 2016 and 31 March 2015.

8. 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\$11,917,000 (2015: HK\$9,763,000), is as follows:

	31 March	
	2016	2015
	HK\$'000	HK\$'000
Within 90 days	555,084	691,828
Over 90 days	29,106	5,746
	584,190	697,574

Payment terms of the Group's customers mainly range from "cash before delivery" to "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. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

9. Trade payables

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	
	2016	2015
	HK\$'000	HK\$'000
Within 90 days	927,524	979,684
Over 90 days	25,833	15,962
	953,357	995,646

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	
	2016	2015
	HK\$'000	HK\$'000
Bank guarantees given in lieu of property rental deposits	3,471	4,763
Guarantees for banking facilities granted to an associate	12,500	12,500

As at 31 March 2016, the banking facilities granted to an associate with guarantees given to banks by the Group were not utilised (2015: nil).

- (b) The Hong Kong Inland Revenue Department (the “IRD”) initiated a review on the prior years’ tax affairs of certain subsidiaries of the Group.

The protective tax assessments for the years of assessment 2005/2006, 2006/2007, 2007/2008, 2008/2009 and 2009/2010 issued by the IRD in March 2012, March 2013, March 2014, March 2015 and March 2016 are HK\$69,125,000, HK\$189,000,000, HK\$388,878,000, HK\$376,200,000 and HK\$323,648,000, respectively. The directors of these subsidiaries believe that there are valid grounds to object to the tax claimed. Subsequent to the objections filed, the IRD agreed to hold over the tax claimed completely subject to the purchases of tax reserve certificates. The Group purchased tax reserve certificates of HK\$4,500,000 and HK\$31,500,000 for years of assessment 2005/2006 and 2006/2007, respectively, during the year ended 31 March 2014, and an additional HK\$34,000,000 and HK\$38,000,000 for the years of assessment 2007/2008 and 2008/2009 during the years ended 31 March 2015 and 31 March 2016, respectively. Subsequent to the year end, the Group purchased an additional HK\$38,000,000 for the year of assessment 2009/2010.

In view that the tax review for the years of assessment 2005/2006, 2006/2007, 2007/2008, 2008/2009 and 2009/2010 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 Company consider that adequate tax provisions have been made in the financial statements.

FINAL AND SPECIAL DIVIDENDS

The Board recommends the payment of final and special dividends of HK16.0 cents and HK18.0 cents (2015: HK30.0 cents and nil) respectively per ordinary share which, together with the interim dividend of HK28.0 cents (2015: HK26.0 cents) per ordinary share paid in January 2016, will make a total dividend of HK62.0 cents (2015: HK56.0 cents) per ordinary share. Subject to the approval of the shareholders at the forthcoming annual general meeting, the proposed final and special dividends will be payable on Wednesday, 5 October 2016 to the shareholders registered on the Register of Members of the Company on Wednesday, 24 August 2016.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 9 August 2016 to Thursday, 11 August 2016 (both days inclusive) for the purpose of determining the entitlement 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. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 8 August 2016.

The Register of Members of the Company will be closed from Monday, 22 August 2016 to Wednesday, 24 August 2016 (both days inclusive) for the purpose of determining the entitlement to the proposed final and special dividends for the year ended 31 March 2016. During which period no transfer of shares of the Company will be registered and no shares will be allotted and issued. In order to qualify for entitlement to the proposed final and special dividends for the year ended 31 March 2016, all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Branch Share Registrar and Transfer Office in Hong Kong, Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Friday, 19 August 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF BUSINESS AND FUTURE DEVELOPMENT

For this financial year ended 31 March 2016, the Group's total revenue increased slightly by 0.2% to HK\$9,343 million (2015: HK\$9,322 million). Profit for the year attributable to the ordinary equity holders of the Company was HK\$1,051 million (2015 : HK\$773 million), a jump of 36.0%. Such significant increase in net profit was primarily attributable to the gain on sales of some trademarks and disposal of a subsidiary during the period. In the year, other income and gains decreased by HK\$113 million mainly due to the drop in interest income. The Board has recommended a final dividend of HK16.0 cents (2015: HK30.0 cents) and a special dividend of HK18.0 cents (2015 : nil) per ordinary share. Including interim dividend, total dividend per ordinary share would be HK62.0 cents, an increase of 10.7% from last year's HK56.0 cents.

Textile business

The business recorded a turnover of HK\$4,741 million (2015: HK\$4,718 million), an increase of 0.5%. The amount was 50.7% (2015: 50.6%) of the Group's total turnover. In the year, global economy was still fragile and volatile. The U.S. consumer sentiment did show some signs of improvement in the year beginning but became unpredictable in the second half year. Cotton price continued to drop resulted in a delayed purchasing approach by many buyers in late 2015 and early 2016. The Group expanded its revenue in China and Japan to diversify reliance on the U.S. market. In view of the rising China production cost, the Group continued to focus on high value-added orders to maintain reasonable profit margins. The gross profit margin stayed at 21.7%, the same compared to last year. The average selling price decreased by 2.0% and the sales volume increased by 2.7%. The performance and the key financial ratios of the business were as below :

(Amounts expressed in HK\$'million, unless specified)

	2016	2015	2014	2013	2012
Net sales	4,741	4,718	5,026	5,460	6,976
Gross profit margin (%)	21.7	21.7	20.4	16.0	14.8
Operating profit (note 1)	666	622	671	546	692
EBITDA (note 1)	842	802	871	765	916
Return on total assets (%) (note 2)	9.6	8.5	8.4	6.3	6.4
Return on sales (%) (note 2)	14.2	15.3	14.3	12.4	10.7
Return on equity (%) (note 2)	12.5	12.8	12.8	11.2	13.4
Capital expenditure	111	56	121	45	57

Notes : (1) Exclude interest income and rental income.

(2) Exclude rental income.

Retail and distribution business

Net sales of the business amounted to HK\$4,592 million, quite similar to last year's HK\$4,591 million. The sum was 49.1% (2015: 49.2%) of the Group's total turnover. In the period, mainland China's economic growth continued to decelerate and the retail environment remained difficult. The unseasonably warm winter weather during late 2015 also put great inventory pressure on the retail industry. The Group continued to consolidate its stores and trademarks to strengthen competitiveness. In the period, moderate expansion was done to increase 4.7% sales area in mainland China. Gross profit margin was 46.6%, similar to last year. Sales growth of comparable shops improved to 7.3% from last year's 6.0%.

The performance and the key financial ratios of the business were as below :

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

<i>(Amounts expressed in HK\$'million, unless specified)</i>	2016	2015	2014	2013	2012
Net sales	4,592	4,591	4,816	5,768	6,766
Gross profit margin (%)	46.6	46.8	46.7	44.9	44.8
Sales growth of comparable shops (%) (note 1)	7.3	6.0	(7.6)	(12.0)	2.9
Operating profit/(loss) (note 2)	(93)	13	(245)	(202)	157
EBITDA (note 2)	8	113	(107)	(52)	276
Return on total assets (%) (note 3)	(4.3)	(0.7)	(13.9)	(7.6)	3.2
Return on sales (%) (note 3)	(2.4)	(0.3)	(5.2)	(3.0)	1.3
Return on equity (%) (note 3)	(9.5)	(2.1)	(42.5)	(20.4)	9.0
Capital expenditure	96	72	43	119	192

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

(2) Exclude interest income and rental income.

(3) Exclude rental income.

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

<i>(HK\$'million)</i>	2016	2015	2014	2013	2012
Baleno	3,260	2,821	2,754	3,038	3,653
S&K	415	476	552	742	940
I.P. Zone	304	320	417	555	699
ebase	98	336	497	609	682
Others	515	638	596	824	792
Total	4,592	4,591	4,816	5,768	6,766

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

Mainland China

	2016	2015	2014	2013	2012
Net sales (HK\$' million)	4,013	4,014	4,098	4,920	5,811
Increase/(decrease) in net sales (%)	—	(2)	(17)	(15)	17
Retail floor area (sq. ft.)*#	1,779,340	1,700,135	1,959,394	2,147,536	2,368,260
Number of sales associates*#	6,425	6,971	7,710	9,168	11,492
Number of outlets* ⁴	2,770	2,865	2,928	3,424	3,576

Hong Kong

	2016	2015	2014	2013	2012
Net sales (HK\$' million)	579	486	445	435	460
Increase/(decrease) in net sales (%)	19	9	2	(5)	(1)
Retail floor area (sq. ft.)*#	64,543	62,440	66,184	63,254	61,722
Number of sales associates*#	395	393	392	425	493
Number of outlets*#	64	59	66	68	70

Taiwan

	2016	2015	2014	2013	2012
Net sales (HK\$' million)	—	91	273	413	495
Increase/(decrease) in net sales (%)	(100)	(67)	(34)	(17)	22
Retail floor area (sq. ft.)*#	—	—	90,689	142,079	151,218
Number of sales associates*#	—	—	290	488	638
Number of outlets * ^Δ	—	—	91	166	181

* As at the end of the reporting period

For self-managed stores

Δ Including self-managed and franchise stores

Garment manufacturing business

Sales of this associate decreased by 2.2% to HK\$1,159 million (2015: HK\$1,185 million). Net profit contribution to the Group amounted to HK\$34 million (2015: HK\$34 million), similar to last year. In the period, the operating environment was unfavourable mainly due to the volatile global economy. In the year, 69.2% (2015: 70.7%) of the fabric consumption was supplied by the textile sector and sales to the retail division represented 28.7% (2015: 19.6%) of its revenue.

FINANCIAL CONDITION

Liquidity and financial resources

The Group continued to maintain a sound financial position. The current ratio, the total bank borrowings and the gearing ratio as at the year end were 2.9, HK\$843 million and -0.3 (2015: 2.3, HK\$1,907 million and -0.4) respectively. The gearing ratio refers to the ratio of the total interest-bearing debts, net of cash and cash equivalents, to the total equity.

During the year, the interest cover, the trade and bills receivables to turnover and the inventories to turnover were 91 times, 27 days and 80 days (2015: 37 times, 36 days, 73 days) respectively. The surge in the interest cover was mainly resulted from the gain on disposal of trademarks and a subsidiary in the PRC during the year. 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 equivalents, the equity attributable to ordinary equity holders of the Company and the unutilized banking facilities were HK\$3,005 million, HK\$6,132 million and HK\$7,772 million (2015: HK\$4,372 million, HK\$6,086 million, HK\$6,553 million), respectively. The decrease in cash and cash equivalents compared with last year was mainly due to the repayment of bank borrowings and the purchase of bonds during the year.

Capital expenditure

The Capital expenditure incurred by the Group during the year was HK\$207 million (2015: HK\$128 million). The capital expenditure incurred by the textile business for the year was HK\$111 million (2015: HK\$56 million) mainly for the addition of plant and machinery. For the retail and distribution business, our capital expenditure incurred for the year mainly for the renovation of shops amounted to HK\$96 million (2015: HK\$72 million).

Pledge of assets

No significant assets were pledged as at 31 March 2016 and 31 March 2015.

Contingent liabilities

Details of the contingent liabilities as at 31 March 2016 and 31 March 2015 have been set out in note 10 to the announcement.

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, USD and YEN floating rate borrowings with maturity due within three years. At the year end, the cash and cash equivalents and the held-to-maturity investments amounted to HK\$3,005 million and HK\$643 million (2015: HK\$4,372 million and nil) were mainly denominated in HKD, RMB and USD. The cash and cash equivalents were placed as fixed deposits with well-established financial institution at fixed interest rate with maturity due within one year. And, the held-to-maturity investments were fixed interest rate investments with maturity due within six years. As the US economic recovery is modest, the interest rate is expected to rise moderately in the years to come. The Group will continue to monitor the interest rate movement and arrange financial instruments to reduce its interest rate risk whenever appropriate.

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

HUMAN RESOURCES

As at 31 March 2016, the Group had about 15,400 (2015: 16,400) 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 is committed to promoting the long term sustainability of the environment and communities in which it operates. We also recognise the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations.

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, we also encourage our employees, customers and business partners to partake in the aforesaid activities with a view to developing a better future for our community.

During the year ended 31 March 2016, according to the best knowledge of the Directors of the Company, the Group has complied with the relevant laws and regulations that have a significant impact on the business and the environment.

During the year, some of the activities/organisations the Group participated in / donated or sponsored to were:

1. World Wide Fund For Nature Hong Kong;
2. The Community Chest of Hong Kong “Love Teeth Day”;
3. Agency for Volunteer Service “HSBC Share-to-Care Volunteer Campaign”;
4. Shanghai Commercial Pok Oi Cycle for Millions 2015;
5. Sowers Action;
6. Ocean Park Conservation Foundation Hong Kong;
7. St. James Settlement; and
8. The Hong Kong Council of Social Service “Caring Company”.

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

OUTLOOK

Looking forward to the coming year, the operating environment will be full of uncertainties and challenges. The Group will continue to explore new markets and new customers to diversify its revenue source. Further investment will be placed to upgrade our production plants for productivity and quality enhancement. The Group is also closely monitoring the development of Trans-Pacific Partnership trade agreement (“TPP”). If the TPP terms are favourable to the Group, we will consider to establish a new textile plant in Vietnam.

The retail environment in mainland China is expected to remain difficult for some time. The Management will continue to exercise stringent control on inventory level and rental cost. Moderate store expansion will be going on in the coming year.

The Group is in a solid financial position with substantial net cash balance. We have full competitive advantages to fulfill our business strategies and solve ongoing challenges.

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 listed securities of the Company during the year.

AUDIT COMMITTEE

The Company has established an audit committee (the “Audit Committee”) in compliance with Rule 3.21 of the Listing Rules. The members of the Audit Committee comprise the three independent non-executive directors of the Company, Mr. Law Brian Chung Nin, Mr. Au Son Yiu, and Mr. Cheng Shu Wing. The Audit Committee is chaired by Mr. Law Brian Chung Nin, a qualified accounting professional.

The terms of reference and duties have been laid down as guidelines for the Audit Committee. The principal duties of the Audit Committee include the review and supervision of the financial reporting processes and internal controls of the Group. During the year, the Audit Committee held four meetings to review the internal controls and financial reporting matters and provide recommendations to the Board. For this fiscal year, the Audit Committee has reviewed and discussed with the management the consolidated financial statements of the Group.

The Committee has also met with the external auditors of the Company and reviewed the accounting principles and practices adopted by the Group and the annual results of the Group for the year.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company complied with all the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 of the Listing Rules throughout the financial year, except for the following deviation:

Under code provision E.1.2 of the CG Code, the chairman of the Board should attend the annual general meeting of the Company.

The chairman of the Board has delegated the duty of attending the annual general meeting to the chief executive officer of the Company. The chairman considers the chief executive officer a suitable person for taking up such duty as the chief executive officer 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 and Mr. Ting Kit Chung; and the independent non-executive directors of the Company are Mr. Au Son Yiu, Mr. Cheng Shu Wing and Mr. Law Brian Chung Nin.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for 2015/2016 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 "Investor Relations" in due course.

On behalf of the Board
Poon Bun Chak
Executive Chairman

Hong Kong, 17 June 2016