# WINBOX INTERNATIONAL (HOLDINGS) LIMITED
# 永保時國際（控股）有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 474)**

## ANNUAL RESULTS ANNOUNCEMENT
## For the year ended 31 March 2009

The Directors of Winbox International (Holdings) Limited (the "Company") announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2009 together with the comparative figures for the corresponding period in 2008 as follows:

**CONSOLIDATED INCOME STATEMENT**
*FOR THE YEAR ENDED 31 MARCH 2009*

| | *NOTES* | **2009** **HK$'000** | 2008 HK$'000 |
|---|---|---|---|
| Revenue | 4 | **166,505** | 176,803 |
| Cost of sales | | **(128,560)** | (121,171) |
| Gross profit | | **37,945** | 55,632 |
| Other income, gain and loss | 6 | **(451)** | 7,654 |
| Distribution and selling costs | | **(3,708)** | (4,226) |
| Administrative expenses | | **(28,622)** | (29,981) |
| Change in fair value of investments held for trading | | **(7,941)** | 4,156 |
| Change in fair value of derivative financial instruments | | **855** | (4,039) |
| Impairment loss recognised in respect of available-for-sale investments | | **(19,076)** | (2,200) |
| Impairment loss recognised in respect of investment property | | **(185)** | – |
| Finance costs | 7 | **(157)** | (47) |
| (Loss) profit before taxation | | **(21,340)** | 26,949 |
| Taxation | 8 | **(1,531)** | (4,769) |
| (Loss) profit for the year | 9 | **(22,871)** | 22,180 |
| Dividends recognised as distribution | 10 | **10,287** | 10,141 |
| (Loss) earnings per share | 11 | | |
| – Basic (HK cents) | | **(5.57)** | 5.48 |
| – Diluted (HK cents) | | **(5.57)** | 5.37 |

## CONSOLIDATED BALANCE SHEET

*AT 31 MARCH 2009*

| | NOTES | 2009 HK$'000 | 2008 HK$'000 |
|---|---|---|---|
| Non-current assets | | | |
| Property, plant and equipment | | **14,847** | 17,134 |
| Prepaid lease payments | | **3,382** | 3,469 |
| Investment property | | **1,090** | 1,307 |
| Goodwill | | **10,523** | 12,670 |
| Available-for-sale investments | | **34,156** | 33,010 |
| Pledged bank deposits | | **5,317** | – |
| Deferred tax asset | | **205** | – |
| | | **69,520** | 67,590 |
| Current assets | | | |
| Inventories | | **29,417** | 33,394 |
| Trade receivables | *12* | **15,876** | 25,650 |
| Bills receivable | *12* | **1,557** | 490 |
| Other receivables, deposits and prepayments | | **12,112** | 18,256 |
| Investments held for trading | | **12,500** | 29,779 |
| Tax recoverable | | **2,388** | 1,001 |
| Bank balances and cash | | **54,659** | 75,564 |
| | | **128,509** | 184,134 |
| Current liabilities | | | |
| Trade payables | *13* | **6,700** | 14,468 |
| Other payables, deposits received and accruals | | **12,802** | 19,211 |
| Derivative financial instruments | | **–** | 4,107 |
| Bank borrowings | | **–** | 4,853 |
| Tax payable | | **373** | 473 |
| | | **19,875** | 43,112 |
| Net current assets | | **108,634** | 141,022 |
| Total assets less current liabilities | | **178,154** | 208,612 |
| Non-current liability | | | |
| Retirement benefits obligations | | **1,057** | 1,201 |
| Net assets | | **177,097** | 207,411 |
| Capital and reserves | | | |
| Share capital | | **20,574** | 20,281 |
| Reserves | | **156,523** | 187,130 |
| Equity attributable to equity holders of the Company | | **177,097** | 207,411 |

## NOTES:

### 1. STATUTORY FINANCIAL STATEMENTS

The financial information in this annual results announcement does not constitute the Group's statutory financial statements for the year ended 31 March 2009 but is derived from those financial statements.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following amendments and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are or have become effective.

| | |
|---|---|
| HKAS 39 & HKFRS 7 (Amendments) | Reclassification of financial assets |
| HK(IFRIC) – INT 12 | Service concession arrangements |
| HK(IFRIC) – INT 14 | HKAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction |

The adoption of these new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs [1] |
| HKFRSs (Amendments) | Improvements to HKFRSs 2009 [2] |
| HKAS 1 (Revised) | Presentation of financial statements [3] |
| HKAS 23 (Revised) | Borrowing costs [3] |
| HKAS 27 (Revised) | Consolidated and separate financial statements [4] |
| HKAS 32 & 1 (Amendments) | Puttable financial instruments and obligations arising on liquidation [3] |
| HKAS 39 (Amendment) | Eligible hedged items [4] |
| HKFRS 1 & HKAS 27 (Amendments) | Cost of an investment in a subsidiary, jointly controlled entity or associate [3] |
| HKFRS 2 (Amendment) | Vesting conditions and cancellations [3] |
| HKFRS 3 (Revised) | Business combinations [4] |
| HKFRS 7 (Amendment) | Improving disclosures about financial instruments [3] |
| HKFRS 8 | Operating segments [3] |
| HK(IFRIC) – INT 9 & HKAS 39 (Amendments) | Embedded derivatives [5] |
| HK(IFRIC) – INT 13 | Customer loyalty programmes [6] |
| HK(IFRIC) – INT 15 | Agreements for the construction of real estate [3] |
| HK(IFRIC) – INT 16 | Hedges of a net investment in a foreign operation [7] |
| HK(IFRIC) – INT 17 | Distributions of non-cash assets to owners [4] |
| HK(IFRIC) – INT 18 | Transfers of assets from customers [8] |

[1] Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

[2] Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate.

[3] Effective for annual periods beginning on or after 1 January 2009.

[4] Effective for annual periods beginning on or after 1 July 2009.

[5] Effective for annual periods ending on or after 30 June 2009.

[6] Effective for annual periods beginning on or after 1 July 2008.

[7] Effective for annual periods beginning on or after 1 October 2008.

[8] Effective for transfers on or after 1 July 2009.

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after 1 April 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The Directors of the Company anticipate that the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and the financial position of the Group.

## 3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost basis, except for certain financial instruments, which are measured at fair value.

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

## 4. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less sales tax and sales returns during the year.

## 5. SEGMENT INFORMATION

The directors report the geographical segments as the Group's primary segment information.

**Geographical segments**

The following table provides an analysis of the Group's sales by geographical market in which the customers are located, irrespective of the origin of the goods.

### Consolidated income statement

| | Hong Kong | | North America | | Europe | | Others | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| Revenue | **52,998** | 40,423 | **9,940** | 14,986 | **96,485** | 114,519 | **7,082** | 6,875 | **166,505** | 176,803 |
| Segment results | **9,801** | 12,188 | **720** | 3,676 | **10,117** | 20,873 | **444** | 1,600 | **21,082** | 38,337 |
| Other income, gain and loss | | | | | | | | | **(451)** | 7,654 |
| Unallocated corporate expenses | | | | | | | | | **(15,467)** | (16,912) |
| Change in fair value of investments held for trading | | | | | | | | | **(7,941)** | 4,156 |
| Change in fair value of derivative financial instruments | | | | | | | | | **855** | (4,039) |
| Impairment loss recognised in respect of available-for-sale investments | | | | | | | | | **(19,076)** | (2,200) |
| Impairment loss recognised in respect of investment property | | | | | | | | | **(185)** | – |
| Finance costs | | | | | | | | | **(157)** | (47) |
| (Loss) profit before taxation | | | | | | | | | **(21,340)** | 26,949 |
| Taxation | | | | | | | | | **(1,531)** | (4,769) |
| (Loss) profit for the year | | | | | | | | | **(22,871)** | 22,180 |

**Consolidated balance sheet**

| | Hong Kong | | North America | | Europe | | Others | | Consolidated | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 | **2009** | 2008 |
| | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* | ***HK$'000*** | *HK$'000* |
| ASSETS | | | | | | | | | | |
| Segment assets | **7,204** | 9,703 | **695** | 3,196 | **44,489** | 54,015 | **465** | 1,730 | **52,853** | 68,644 |
| Other segment assets | | | | | | | | | **16,493** | 18,329 |
| Unallocated corporate assets | | | | | | | | | **128,683** | 164,751 |
| Consolidated total assets | | | | | | | | | **198,029** | 251,724 |
| LIABILITIES | | | | | | | | | | |
| Segment liabilities | **–** | – | **–** | – | **4,307** | 6,038 | **–** | – | **4,307** | 6,038 |
| Unallocated corporate liabilities | | | | | | | | | **16,625** | 38,275 |
| Consolidated total liabilities | | | | | | | | | **20,932** | 44,313 |

**Business segment**

The Group is mainly engaged in the sale of quality plastic and paper boxes for luxury consumer goods. Accordingly, no segmental analysis on business segment is presented.

## 6. OTHER INCOME, GAIN AND LOSS

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Dividend income from listed investments held-for-trading | **766** | 1,113 |
| Dividend income from listed available-for-sale investments | **59** | 1,233 |
| Gain on disposal of property, plant and equipment and prepaid lease payments | **–** | 207 |
| Gain on disposal of available-for-sale investments | **–** | 510 |
| Interest earned on bank deposits | **1,376** | 2,262 |
| Interest earned on unlisted available-for-sale investments | **390** | 390 |
| Interest earned on listed debt securities held for trading | **563** | 1,044 |
| PRC government tax refund from reinvestment of a subsidiary *(note)* | **1,540** | – |
| Net foreign exchange (loss) gain | **(5,757)** | 570 |
| Sundry income | **612** | 325 |
| | **(451)** | 7,654 |

*Note:* According to a letter issued by the People's Republic of China ("PRC") local tax authority dated 27 May 2008, Grand Cast Limited was eligible to receive tax refund of approximately RMB1,362,000 (equivalent to approximately HK$1,540,000) due to the additional investment of HK$18,000,000 made to its subsidiary, Winbox Plastic Manufacturing (Shenzhen) Company Limited, by utilising the dividend from the retained profits of Winbox Plastic Manufacturing (Shenzhen) Company Limited for the three years ended 31 December 2006.

## 7. FINANCE COSTS

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Interest on bank borrowings wholly repayable within five years | **157** | 47 |

## 8. TAXATION

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Current tax: | | |
| Hong Kong | **99** | 2,198 |
| Other jurisdictions | **2,036** | 2,571 |
| | **2,135** | 4,769 |
| Overprovision in prior years: | | |
| Hong Kong | **(399)** | – |
| | **1,736** | 4,769 |
| Deferred tax: | | |
| Current year | **(205)** | – |
| Taxation for the year | **1,531** | 4,769 |

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/2009. Therefore, Hong Kong Profits Tax is calculated at 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations change the tax rate from 15% to 25% from 1 January 2008. Pursuant to the Implementation Regulations of the New Law, the Company's wholly owned subsidiary, Winbox Plastic Manufacturing (Shenzhen) Company Limited is entitled to use a tax rate of 18% for the period from 1 April 2008 to 31 December 2008 and 20% for the period from 1 January 2009 to 31 March 2009 (1.4.2007 to 31.12.2007: 15%; 1.1.2008 to 31.3.2008: 18%), being the applicable tax rate for foreign invested enterprise in the area of Shenzhen Special Economic Zone 深圳經濟特區 for the year.

French profits tax is calculated at 33.3% (2008: 33.3%) of the estimated assessable profit for the Company's wholly owned subsidiary, Dardel S.A.S. ("Dardel") for the year.

## 9. (LOSS) PROFIT FOR THE YEAR

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| (Loss) profit for the year has been arrived at after charging (crediting): | | |
| Auditor's remuneration | **780** | 825 |
| Allowance for slow moving inventories (included in cost of sales) | **–** | 3,337 |
| Cost of inventories recognised as an expense | **128,560** | 121,171 |
| Depreciation of property, plant and equipment and investment property | **1,650** | 1,720 |
| Release of prepaid lease payments | **87** | 87 |
| Operating lease rentals in respect of rented premises | **4,775** | 3,388 |
| Staff costs: | | |
| Directors' emoluments | **2,650** | 3,343 |
| Other staff costs | | |
| – salaries, bonus and other allowances | **43,499** | 40,350 |
| – retirement benefit scheme contributions | **4,345** | 4,668 |
| – share-based payments | **498** | 933 |
| | **50,992** | 49,294 |

## 10. DIVIDENDS

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Dividends recognised as distribution – HK$0.025 (2008: HK$0.025) per share | **10,287** | 10,141 |
| Proposed final dividends | **4,938** | 10,287 |

The final dividend for the year ended 31 March 2009 of HK$0.012 (2008: HK$0.025) per share, amounting to approximately HK$4,938,000 (2008: HK$10,287,000), has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting.

## 11. (LOSS) EARNINGS PER SHARE

The calculation of the basic and diluted (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **(Loss) earnings** | | |
| (Loss) earnings for the purpose of basic and diluted (loss) earnings per share | **(22,871)** | 22,180 |
| | *'000* | *'000* |
| **Number of shares** | | |
| Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share | **410,335** | 404,504 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | **–** | 8,479 |
| Weighted average number of ordinary shares for the purpose of diluted (loss) earnings per share | **410,335** | 412,983 |

*Note:* The computation of diluted loss per share for the year ended 31 March 2009 did not assume the exercise of the Company's outstanding share options since their exercise would reduce loss per share.

## 12. TRADE AND BILLS RECEIVABLES

The Group allows an average credit period of 30 to 60 days (2008: 30 to 60 days) to its customers. The aged analysis of trade and bills receivables is stated as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **13,276** | 16,401 |
| 31 to 60 days | **3,060** | 6,107 |
| 61 to 90 days | **468** | 2,626 |
| 91 to 180 days | **629** | 1,006 |
| | **17,433** | 26,140 |

## 13. TRADE PAYABLES

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 30 to 60 days (2008: 30 to 60 days). The aged analysis of trade payables is stated as follows:

| | **2009** | 2008 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| 0 to 30 days | **3,879** | 6,532 |
| 31 to 60 days | **1,660** | 3,007 |
| 61 to 90 days | **765** | 2,280 |
| 91 to 180 days | **396** | 2,649 |
| | **6,700** | 14,468 |

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

This year was a difficult year for most of the manufacturers in the Pearl River Delta region as the increase in material and labour costs, upsurging commodity prices and the appreciation of the Renminbi ("RMB") eroded the margin in the first half of the year, followed by the spectacular collapse in the global economy gave the industry, and indeed most labour and material intensive exporters in China, a twin shock. Following the global economic downturn resulting from the United States sub-prime mortgage crisis and the global credit crunch which significantly softened demand, our customers have been more cautious in placing orders. The weakening of the Euro against the U.S. dollar also dampened the demand in the European market. Sales became sluggish in the final quarter of year 2008/09. In response to the current unfavourable economic conditions, the Group is broadening its product ranges, strengthening the sales force and tightening its cost control measures.

The economic conditions have been deteriorating significantly in many countries and regions, including our major markets in the United States and Europe, and may remain depressed for the foreseeable near future. In order to tackle the coming challenges, we have adopted a more prudent business and financial management policy to ensure that we maintain adequate working capital to finance our operations. The Group had also launched a round of aggressive restructuring late last year aimed at cutting production and administrative costs, controlling inventories and improving the overall management of its manufacturing operations. Through the implementation of systematic reports generated by the ERP system and effective KPIs (Key Performance Indicators), department heads and line supervisors are thereof becoming more sophisticated with the supply chain management. Production efficiency and effectiveness are continuously improving through better communication and periodic meetings held among operating departments.

In addition, the first stage of the new plant facilities located in Qiao Tou, Dongguan, PRC had been completed in late 2008/09. Certain production lines have been relocated to the new facilities to further capture the comparatively lower cost advantage. The second stage of the facilities are expected to be completed by the end of year 2009/10 and we will gradually shift our existing production lines from Longhua, Shenzhen, to the new plant facilities located in Qiao Tou, Dongguan. Since the Group only leases the plant facilities from the village committee in Qiao Tou, the relocation process will only has minimum cash flow impact.

Despite the uncertainties ahead as the global financial crisis unfolds, we believe that the operating environment for manufacturers in the Pearl River Delta region has improved slightly in early 2009/10 as commodity prices are reduced as compared with last year's level and the government of the PRC has executed an array of policies, including Valued Added Tax refund, a loosening of lending restrictions and a reduction in interest rates, which have been providing positive impact to our operations. Even though the coming 2009/10 will continue to be challenging, we are confident that the Group will achieve a better performance in the coming years as the global economy is showing sign of recovery.

## FINANCIAL REVIEW

### Revenue

The Group's revenue for the year ended 31 March 2009 decreased by approximately 5.8% to HK$166.5 million (2008: HK$176.8 million). The decrease was attributable to the global economic downturn which caused our major customers in the United States and Europe to become more cautious in placing their orders, particularly in the final quarter of year 2008/09.

### Gross Profit

The Group's gross profit decreased to approximately HK$37.9 million (2008: HK$55.6 million) for the year ended 31 March 2009. Gross profit margin also decreased from approximately 31.5% for the year ended 31 March 2008 to approximately 22.8% for the year ended 31 March 2009, primarily due to the increase in cost of sales in terms of direct material costs, direct labour costs and appreciation of RMB in the first half of the year.

### Other Income, Gain and Loss, Change in Fair Value of Investments Held for Trading, Change in Fair Value of Derivative Financial Instruments and Impairment Loss Recognised in respect of Available-For-Sale Investments

The Group invested in various types of financial instruments including fixed income, equity and derivatives with a view to enhance overall return. However, due to the adverse condition and the increasing instability of the global financial markets, a total loss of approximately HK$26.6 million (2008: gain of approximately HK$5.6 million) was recorded in other income, gain and loss, change in fair value of investments held for trading, change in fair value of derivative financial instruments and impairment loss recognised in respect of available-for-sale investments. As at the date of this report, the Group does not have any outstanding derivative financial instruments.

**Distribution and Selling Costs**

The Group's distribution and selling costs as a percentage of turnover were approximately 2.2% (2008: 2.4%) for the year ended 31 March 2009.

**Administrative Expenses**

The Group's administrative expenses decreased by approximately 4.5% to HK$28.6 million for the year ended 31 March 2009 (2008: HK$30.0 million). The difference was mainly due to better cost control.

**Finance Costs**

The Group's finance costs for the year ended 31 March 2009 maintained at a low level of approximately HK$0.2 million (2008: HK$47,000).

**Taxation**

The taxation for the year ended 31 March 2009 decreased by 67.9% to HK$1.5 million. The decrease was mainly attributable to decrease in taxable income.

**Loss for the Year**

The Group had recorded a loss of approximately HK$22.9 million for the year ended 31 March 2009 (2008: gain of approximately HK$22.2 million) and the respective net margin decreased from a positive 12.5% to a negative 13.7% for the year ended 31 March 2009, mainly due to the loss in change in fair value of investments held for trading and impairment loss recognised in respect of available-for-sale investments as mentioned above.

## DIVIDENDS

The Directors propose a final dividend of HK$0.012 (2008: HK$0.025) per share for the year ended 31 March 2009 subject to approval by the shareholders at the forthcoming annual general meeting. It will be payable on around early September 2009 to shareholders whose names appear on the register of members of the Company on 20 August 2009, Thursday.

## CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from 18 August 2009, Tuesday to 20 August 2009, Thursday (both days inclusive) during which period no transfer of share will be registered. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Ltd. at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:00 p.m. on 17 August 2009, Monday.

## LIQUIDITY, CAPITAL STRUCTURE AND FINANCIAL RESOURCES

The Group funds its operations principally from internal resources. As at 31 March 2009, the Group had cash and cash equivalents of approximately HK$54.7 million (2008: HK$75.6 million). The Group's working capital decreased to approximately HK$108.6 million (2008: HK$141.0 million), mainly due to purchases of additional available-for-sale investments and payment of dividends. Current ratio (a ratio of total current assets to total current liabilities) increased by approximately 51.4% to 6.5 times (2008: 4.3 times), Gearing ratio (a ratio of total borrowings to total assets other than goodwill) as at 31 March 2009 was maintained at a minimum level of 0% (2008: 2.0%).

For the year ended 31 March 2009, the Group generated a net cash inflow from operating activities of approximately HK$16.1 million (2008: HK$32.8 million). On the other hand, the Group incurred a net cash outflow from investing activities of approximately HK$21.5 million (2008: HK$22.4 million), primarily due to additional purchases of available-for-sale investments, which are mainly listed shares held for long-term investment purposes. The dividend payment to the Group's shareholders of approximately HK$10.3 million (2008: HK$10.1 million) constituted the major part of the outflow under the Group financing activities for the year ended 31 March 2009.

The Group has executed deeds of charge in favour of the financial institutions to facilitate the Group to enter into the investment schemes and secure the bank borrowings. The deeds are secured by the charge over the assets of the Group held by these financial institutions, including investments held for trading, available-for-sale investments and bank balances. As at 31 March 2009, total assets of the Group charged in favour of the financial institutions were approximately HK$39.1 million (2008: HK$65.2 million). The Group has pledged its leasehold buildings with a carrying value of approximately HK$3.2 million (2008: HK$3.3 million) and bank deposits amounted to approximately HK$5.3 million (2008: nil) to secure general banking facilities granted to the Group. As at 31 March 2009, the Group did not have any outstanding investment schemes and bank borrowings and did not utilise any of the banking facilities granted.

## CAPITAL COMMITMENT AND CONTINGENT LIABILITIES

There were no significant capital commitments as at 31 March 2009.

The Group had no material contingent liabilities as at the close of business on 31 March 2009.

## EMPLOYEE INFORMATION

As at 31 March 2009, the Group had a total of approximately 1,031 employees in the PRC, Hong Kong and France. Remuneration packages for the employees are maintained at a competitive level in the relevant jurisdiction, within which employees are attracted, retained and motivated. Remuneration packages are reviewed periodically.

## PURCHASE, SALES OR REDEMPTION OF SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2009.

## CORPORATE GOVERNANCE REPORT

The Company is committed to the establishment of good corporate governance practices and procedures. The corporate governance principles of the Company emphasize on a quality board of Directors (the "Board"), sound internal control, transparency and accountability to all shareholders of the Company.

For the year ended 31 March 2009, the Company has applied the principles of the Code on Corporate Governance Practices (the "CG Code"), as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company has complied with the CG Code, save for the deviation from Code Provision A.2.1 of the CG Code.

Code Provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not separate the roles of the chairman and chief executive officer. Ms. Choi Hon Hing, the Chairman, assumes the role of chief executive officer and is responsible for the overall control and management of the Company and the Group. The Company considers that the combination of the roles of chairman and chief executive officer can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to capture business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its Independent Non-Executive Directors, a balancing mechanism exists so that the interests of the shareholders of the Company are adequately represented.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 March 2009 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the Preliminary Announcement.

## AUDIT COMMITTEE

The Company established an Audit Committee on 16 May 2006 with reference to "A Guide for the Formation of an Audit Committee" published by the Hong Kong Institute of Certified Public Accountants. The terms of reference of the Audit Committee are consistent with the code provisions as set out in the CG Code and are available on the Company's website.

The Audit Committee has reviewed the audited accounts and annual results announcement for the year ended 31 March 2009 and the interim report and the interim results announcement for the six months ended 30 September 2008. It also reviewed and recommended to the Board for approval of the audit fee proposal for the Group for the year ended 31 March 2009.

## PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the website of the Company (www.winboxhk.com) and the Stock Exchange (www.hkex.com.hk). The 2008/09 annual report of the Company containing all information required by the Listing Rules will be dispatched to shareholders of the Company and available on the same websites in due course.

By order of the Board
**Ms. Choi Hon Hing**
*Chairman*

Hong Kong, 16 July 2009

*As at the date of this announcement, the board of directors comprises three Executive Directors, namely Ms. Choi Hon Hing, Ms. Fung Wing Ki, Vicky (note) and Ms. Fung Wing Yee, Wynne; and three Independent Non-Executive Directors, namely Dr. Tam Hok Lam, Tommy, J.P., Dr. Hui Ka Wah, Ronnie, J.P. and Mr. Leung Man Chun, Paul.*

*Note: Ms. Fung Wing Ki, Vicky has been re-designated as a Non-Executive Director with effect from 17 July 2009.*