長 江 製 衣 有 限 公 司
YANGTZEKIANG GARMENT LIMITED

(Incorporated in Hong Kong with limited liability)
(Stock Code: 00294)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2012

The Board of Directors of Yangtzekiang Garment Limited ("**the Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as "**the Group**") and the Group's interests in associates and jointly controlled entities for the year ended 31 March 2012 together with comparative figures for the corresponding period and selected explanatory information as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2012
(Expressed in Hong Kong dollars)

	Note	2012 *$'000*	2011 (restated) *$'000*
Turnover	*3&4*	**1,750,673**	1,416,250
Cost of sales		**(1,481,405)**	(1,197,870)
Gross profit		**269,268**	218,380
Other revenue		**5,554**	6,336
Other net income/(loss)		**7,053**	(2,187)
Selling and distribution expenses		**(93,911)**	(102,975)
Administrative expenses		**(84,666)**	(75,965)
Other operating expenses		**(21,065)**	(17,368)
Profit from operations		**82,233**	26,221
Finance costs	*5(a)*	**(5,799)**	(5,695)
Share of (losses)/profits of associates		**(192)**	484
Share of profits of jointly controlled entities		**7,522**	72,594
Net gain on disposals of subsidiaries		**-**	1,808
Gain on disposal of a former associate		**-**	293
Reversal of impairment losses on interest in a former associate and dividend receivable		**-**	7,914
Reversal of impairment loss on fixed assets		**-**	5,498
Net valuation gains on investment properties		**33,392**	20,298
Profit before taxation	*5*	**117,156**	129,415
Income tax	*6*	**(12,823)**	(15,829)
Profit for the year		**104,333**	113,586
Attributable to:			
Equity shareholders of the Company		**103,159**	113,053
Non-controlling interests		**1,174**	533
Profit for the year		**104,333**	113,586
Earnings per share			
Basic and diluted	*8*	**$0.49**	$0.54

Details of dividend payable to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2012
(Expressed in Hong Kong dollars)

	2012	2011 (restated)
	$'000	*$'000*
Profit for the year	**104,333**	113,586
Other comprehensive income for the year (after reclassification adjustments)		
Exchange differences:		
- translation of financial statements of subsidiaries outside Hong Kong	**6,509**	5,332
- translation of associates' and jointly controlled entities' share of net assets	**22,425**	24,698
- transfer of accumulated exchange differences to profit or loss on disposals of subsidiaries	**-**	(506)
- transfer of accumulated exchange differences to profit or loss on disposal of a former associate	**-**	(875)
	28,934	28,649
Revaluation of land and buildings held for own use upon transfer to investment properties, net of tax	**14,231**	-
Available-for-sale securities: net movement in the investment revaluation reserve	**218**	(365)
Cash flow hedges: net movement in the hedging reserve	**3,016**	(3,016)
	46,399	25,268
Total comprehensive income for the year	**150,732**	138,854
Attributable to:		
Equity shareholders of the Company	**149,822**	138,404
Non-controlling interests	**910**	450
Total comprehensive income for the year	**150,732**	138,854

CONSOLIDATED BALANCE SHEET
At 31 March 2012
(Expressed in Hong Kong dollars)

	Note	2012	2011 (restated)	2010 (restated)
	Note	*$'000*	*$'000*	*$'000*
Non-current assets				
Fixed assets				
Investment properties		**168,616**	105,056	83,711
Other property, plant and equipment		**102,397**	101,278	104,529
Interest in leasehold land held for own-use under operating lease		**1,776**	1,768	1,747
		272,789	208,102	189,987
Intangible assets		**3,117**	1,569	1,569
Goodwill		**-**	-	-
Interests in associates		**16**	203	-
Interests in jointly controlled entities		**611,270**	610,400	513,133
Prepayment for fixed assets		**789**	3,273	-
Other financial assets		**8,079**	7,854	5,820
Deferred tax assets		**11,328**	17,974	17,301
		907,388	849,375	727,810
Current assets				
Inventories		**127,345**	140,153	90,416
Trade and other receivables	*9*	**329,199**	236,315	197,939
Current tax recoverable		**-**	2,447	2,311
Cash and cash equivalents		**149,227**	137,086	184,770
		605,771	516,001	475,436
Current liabilities				
Trade and other payables	*10*	**221,304**	205,481	164,821
Current tax payable		**21,765**	11,274	17,131
		243,069	216,755	181,952
Net current assets		**362,702**	299,246	293,484
Total assets less current liabilities		**1,270,090**	1,148,621	1,021,294
Non-current liabilities				
Provision for long service payments		**33,108**	27,818	24,754
Deferred tax liabilities		**14,778**	17,363	15,125
		47,886	45,181	39,879
NET ASSETS		**1,222,204**	1,103,440	981,415
CAPITAL AND RESERVES				
Share capital		**103,374**	105,184	105,184
Reserves		**1,115,751**	996,579	875,004
Total equity attributable to equity shareholders of the Company		**1,219,125**	1,101,763	980,188
Non-controlling interests		**3,079**	1,677	1,227
TOTAL EQUITY		**1,222,204**	1,103,440	981,415

NOTES:

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

This announcement does not comprise the consolidated financial statements for the year ended 31 March 2012 but the information herein has been extracted from the draft consolidated financial statements of the Group for the year ended 31 March 2012.

The consolidated financial statements of the Group for the year ended 31 March 2012 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In addition, this announcement has been reviewed by the Company's audit committee.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that investment properties, financial instruments classified as available-for-sale securities; and derivative financial instruments held as cash flow hedging instruments are stated at their fair value.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2012 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year ended 31 March 2012 and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. CHANGES IN ACCOUNTING POLICIES

(a) Amendments to HKFRSs first effective for the current accounting period

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKAS 24 (revised 2009), *Related party disclosures*

- Improvements to HKFRSs (2010)

The impacts of these developments are discussed below:

- HKAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. HKAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- *Improvements to HKFRSs (2010)* omnibus standard introduces a number of amendments to the disclosure requirements in HKFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments in the consolidated financial statements have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, with the exception of the amendments to HKAS 12, *Income taxes*, in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment property*. The amendments are effective for annual periods beginning on or after 1 January 2012, but as permitted by the amendments, the Group has decided to adopt the amendments early. The impact of early adoption is set out in note 2(b).

(b) Early adoption of the amendments to HKAS 12, *Income taxes*

The change in policy arising from the amendments to HKAS 12 is the only change which has had a material impact on the current or comparative periods. As a result of this change in policy, the Group now measures any deferred tax liability in respect of its investment properties with reference to the tax liability that would arise if the properties were disposed of at their carrying amounts at the balance sheet date. Previously, where these properties were held under leasehold interests, deferred tax was generally measured using the tax rate that would apply as a result of recovery of the asset's value through use.

This change in policy has been applied retrospectively by restating the opening balances at 1 April 2010 and 2011, with consequential adjustments to comparatives for the year ended 31 March 2011. As certain of the Group's properties are located in Hong Kong, this has resulted in a reduction in the amount of deferred tax provided on valuation gain as follows:

	As previously reported *$'000*	Effect of adoption of amendments to HKAS 12 *$'000*	As restated *$'000*
The Group			
Consolidated income statement for the year ended 31 March 2011:			
Income tax	17,771	(1,942)	15,829
Profit for the year attributable to:			
- Equity shareholders of the Company	111,111	1,942	113,053
Earnings per share			
- Basic and diluted	$0.53	$0.01	$0.54
Consolidated balance sheet as at 31 March 2011:			
Deferred tax liabilities	30,968	(13,605)	17,363
Retained profits	790,343	13,605	803,948
Consolidated balance sheet as at 1 April 2010:			
Deferred tax liabilities	26,788	(11,663)	15,125
Retained profits	696,061	11,663	707,724

3. TURNOVER

The principal activities of the Group are manufacturing and sale of garments and textiles, provision of processing services and rental of properties.

Turnover represents the invoiced value of goods supplied to customers, fee income from processing services and rental income and is analysed as follows:

	2012 ***$'000***	2011 *$'000*
Manufacture and sale of garments	**1,716,736**	1,360,211
Manufacture and sale of textiles	**19,775**	31,524
Processing service income	**7,656**	20,254
Property rental income	**6,506**	4,261
	1,750,673	1,416,250

The Group's customer base is diversified and includes only two customers (2011: two) with whom transactions have exceeded 10% of the Group's turnover. For the year ended 31 March 2012, revenue from sales of garments to these customers, including sales to entities which are known to the Group to be under common control with these customers, amounted to approximately $614,404,000 (2011: $363,869,000).

4. SEGMENT REPORTING

The Group manages its business by divisions. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Manufacturing and sale of garments and textiles: this segment covers manufacturing and sale of garment and textile products, and provides garment sub-contracting services.
- Interests in jointly controlled entities: the Group's jointly controlled entities engage in the manufacturing and sale of textile yarn products.
- Property leasing: this segment leases commercial and industrial premises to generate rental income.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Manufacture and sale of garments and textiles and property leasing segments

Segment assets include all assets with the exception of intangible assets, interests in associates, other financial assets, deferred tax assets, current tax recoverable and other corporate assets. Segment liabilities include all liabilities managed directly by the segments with the exception of current tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and finance cost and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, net valuation gains on investment properties, auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation, impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Interests in jointly controlled entities

The Group's interests in jointly controlled entities are accounted for in the consolidated financial statements under the equity method, and presented as a separate reportable segment. The Group's senior executive management reviews the post-tax results of the interests in jointly controlled entities, which is defined as the reportable segment profit for this particular segment. Reportable segment assets represent the Group's share of net assets of the jointly controlled entities. Revenue of jointly controlled entities is not presented as reportable segment revenue as it is not reviewed by the Group's senior executive management for resource allocation purposes.

(a) **Segment results, assets and liabilities *(continued)***

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2012 and 2011 is set out below:

	Manufacture and sale of garments and textiles		Interests in jointly controlled entities		Property leasing		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**1,744,167**	1,411,989	**-**	-	**6,506**	4,261	**1,750,673**	1,416,250
Inter-segment revenue	**-**	-	**-**	-	**2,443**	2,734	**2,443**	2,734
Reportable segment revenue	**1,744,167**	1,411,989	**-**	-	**8,949**	6,995	**1,753,116**	1,418,984
Reportable segment profit (adjusted EBITDA)	**89,960**	42,638	**7,522**	72,594	**6,798**	5,391	**104,280**	120,623
Interest income	**1,675**	861	**-**	-	**-**	-	**1,675**	861
Finance costs	**(5,799)**	(5,695)	**-**	-	**-**	-	**(5,799)**	(5,695)
Depreciation and amortisation	**(18,005)**	(18,198)	**-**	-	**-**	-	**(18,005)**	(18,198)
Reversal of impairment loss on fixed assets	**-**	5,498	**-**	-	**-**	-	**-**	5,498
Reportable segment assets	**710,261**	619,558	**611,270**	610,400	**168,616**	105,056	**1,490,147**	1,335,014
Additions to non-current segment assets during the year	**25,732**	15,293	**-**	-	**-**	-	**25,732**	15,293
Reportable segment liabilities	**252,971**	231,474	**-**	-	**-**	-	**252,971**	231,474

(b) Reconciliation of reportable segment revenue, profit or loss, assets and liabilities

	2012	2011
	$'000	*$'000*
Revenue		
Reportable segment revenue	**1,753,116**	1,418,984
Elimination of inter-segment revenue	**(2,443)**	(2,734)
Consolidated turnover	**1,750,673**	1,416,250

	2012	2011
	$'000	*$'000*
Profit		
Reportable segment profit derived from the Group's external customers (adjusted EBITDA)	**104,280**	120,623
Finance costs	**(5,799)**	(5,695)
Share of (losses)/profits of associates	**(192)**	484
Net gain on disposal of subsidiaries	**-**	1,808
Gain on disposal of a former associate	**-**	293
Reversal of impairment losses on interest in a former associate and dividend receivable	**-**	7,914
Reversal of impairment loss on fixed assets	**-**	5,498
Net valuation gains on investment properties	**33,392**	20,298
Other revenue and net income	**12,607**	4,149
Depreciation and amortisation	**(18,005)**	(18,198)
Unallocated head office and corporate expenses	**(9,127)**	(7,759)
Consolidated profit before taxation	**117,156**	129,415

	2012	2011	2010
	$'000	*$'000*	*$'000*
Assets			
Reportable segment assets	**1,490,147**	1,335,014	1,175,259
Intangible assets	**3,117**	1,569	1,569
Interests in associates	**16**	203	-
Other financial assets	**8,079**	7,854	5,820
Deferred tax assets	**11,328**	17,974	17,301
Current tax recoverable	**-**	2,447	2,311
Unallocated head office and corporate assets	**472**	315	986
Consolidated total assets	**1,513,159**	1,365,376	1,203,246

	2012	2011	2010
		(restated)	(restated)
	$'000	*$'000*	*$'000*
Liabilities			
Reportable segment liabilities	**252,971**	231,474	185,980
Current tax payable	**21,765**	11,274	17,131
Deferred tax liabilities	**14,778**	17,363	15,125
Unallocated head office and corporate liabilities	**1,441**	1,825	3,595
Consolidated total liabilities	**290,955**	261,936	221,831

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, intangible assets, goodwill, interests in associates and jointly controlled entities and prepayment for fixed assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of fixed assets, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates and jointly controlled entities.

	Revenues from external customers		**Specified non-current assets**	
	2012	2011	**2012**	2011
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong (place of domicile)	**102,674**	99,241	**152,423**	111,448
Europe				
- United Kingdom	**294,059**	327,677	**-**	-
- France	**3,958**	2,169	**-**	-
- Other European countries	**580,436**	499,511	**-**	-
Mainland China	**288,503**	168,836	**733,019**	709,468
North America	**272,434**	186,363	**-**	-
Others	**208,609**	132,453	**2,539**	2,631
	1,647,999	1,317,009	**735,558**	712,099
	1,750,673	1,416,250	**887,981**	823,547

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after (crediting)/charging:

	2012	2011
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans wholly repayable within five years (including bank charges)	**5,799**	5,695
(b) Other items:		
Cost of inventories	**1,481,405**	1,197,870
Amortisation of pre-paid interests in leasehold land	**58**	63
Depreciation	**17,947**	18,135
Net loss on cash flow hedging instruments reclassified from equity	**4,272**	-
Impairment loss on trade and other receivables	**136**	35
Auditors' remuneration	**1,736**	1,670
Operating lease charges:		
minimum lease payments - property rentals	**8,675**	6,206
Rentals receivable from investment properties less direct outgoings of $1,917,000 (2011: $1,708,000)	**(4,589)**	(2,553)

6. INCOME TAX

Income tax in the consolidated income statement represents:

	2012	2011 (restated)
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**10,681**	2,560
Under/(over)-provision in respect of prior years	**323**	(62)
	11,004	2,498
Current tax – Outside Hong Kong		
Provision for the year	**2,256**	11,296
Over-provision in respect of prior years	**-**	(613)
	2,256	10,683
Deferred tax		
Origination and reversal of temporary differences	**(437)**	2,648
	12,823	15,829

The provision for Hong Kong Profits Tax for 2012 is calculated at 16.5% (2011: 16.5%) of the estimated assessable profits for the year.

Taxation for subsidiaries outside Hong Kong are charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

Pursuant to the relevant laws and regulations of the PRC, certain of the Group's PRC subsidiaries are eligible for the exemption from income tax for two years starting from the first profitable year of operation and thereafter, a 50 percent relief from their applicable tax rate for the following three years ("the tax holiday"). Pursuant to the notice on the Implementation Rules of the Grandfathering Relief under the New Tax Law, Guofa (2007) No.39 issued on 26 December 2007 by the State Council, one of the PRC subsidiaries enjoyed the tax holiday under the grandfathering provision of the New Tax Law with the reduced tax rate of 12.5% until December 2010. All other PRC subsidiaries are subject to an income tax rate of 25%.

7. CAPITAL AND DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

	2012	2011
	$'000	*$'000*
Interim dividend declared and paid of $0.02 (2011: $0.02) per ordinary share	**4,135**	4,207
Final dividend proposed after the balance sheet date of $0.06 (2011: $0.10) per ordinary share	**12,405**	21,037
	16,540	25,244

The final dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2012	2011
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of $0.10 (2011: $0.06) per ordinary share	**21,037**	**12,622**

(c) Share capital

		2012		2011	
		No. of shares	**Amount**	No. of shares	Amount
	Note	***'000***	***$'000***	*'000*	*$'000*
Authorised:					
Ordinary shares of $0.50 each		**400,000**	**200,000**	400,000	200,000
Ordinary shares, issued and fully paid:					
At 1 April		**210,369**	**105,184**	210,369	105,184
Purchase of own shares during the year	*(i)*	**(3,621)**	**(1,810)**	-	-
At 31 March		**206,748**	**103,374**	210,369	105,184

(i) Purchase of own shares

During the year, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate consideration paid
	'000	*HK$*	*HK$*	*$'000*
September 2011	2,776	2.02	1.94	5,538
October 2011	845	2.05	1.88	1,750
Total	3,621			7,288

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of $1,810,000 was transferred from the retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of $5,478,000 was charged against retained profits.

8. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $103,159,000 (2011(restated): $113,053,000) and the weighted average of 208,531,000 (2011: 210,369,000) ordinary shares in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2012	2011
	'000	*'000*
Issued ordinary shares at 1 April	**210,369**	210,369
Effect of shares repurchased (note 7(c)(i))	**(1,838)**	-
Weighted average number of ordinary shares at 31 March	**208,531**	210,369

(b) Diluted earnings per share

The diluted earnings per share is the same as the basic earnings per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2012 and 2011.

9. TRADE AND OTHER RECEIVABLES

	2012	2011
	$'000	*$'000*
Trade debtors	**163,391**	99,451
Bills receivable	**110,855**	82,944
Less: Allowance for doubtful debts	**(6,283)**	(6,284)
	267,963	176,111
Loan receivable	**-**	55
Deposits, prepayments and other debtors	**52,681**	49,278
Amounts due from related companies	**4,238**	4,184
Amounts due from jointly controlled entities	**1,466**	1,413
Amount due from an associate	**2,851**	3,979
Dividend receivable from a former associate	**-**	1,295
	329,199	236,315

All of the Group's and the Company's trade and other receivables are expected to be recovered or recognised as an expense within one year.

Trade debtors and bills receivable are due between 30 to 120 days from the date of billing.

The loan receivable at 31 March 2011 is unsecured and interest-bearing at 6.5% per annum on the principal outstanding. The loan was settled in April 2011.

The amounts due from related companies, jointly controlled entities and an associate are unsecured, interest-free and recoverable on demand.

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are set out as follows:

	2012	2011
	$'000	*$'000*
Current	**197,298**	132,186
Less than 61 days past due	**65,116**	37,788
61 to 90 days past due	**1,158**	1,733
More than 90 days past due	**4,391**	4,404
Amounts past due	**70,665**	43,925
	267,963	176,111

10. TRADE AND OTHER PAYABLES

	2012	2011
	$'000	*$'000*
Trade creditors	**120,152**	105,058
Bills payable	**13,812**	3,909
	133,964	108,967
Accrued charges and other creditors	**86,882**	89,924
Amounts due to related companies	**418**	1,883
Amount due to a shareholder – Chan Family Investment Corporation Limited	**40**	842
Derivative financial instruments held as cash flow hedging instruments	**-**	3,865
	221,304	205,481

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The amounts due to related companies and a shareholder are unsecured, interest-free and repayable on demand.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis as of the balance sheet date:

	2012	2011
	$'000	*$'000*
Current	**84,716**	77,246
Less than 61 days past due	**43,354**	27,975
61 to 90 days past due	**827**	650
More than 90 days past due	**5,067**	3,096
Amounts past due	**49,248**	31,721
	133,964	108,967

DIVIDENDS
The Board resolved to recommend the payment of a final dividend of 6 cents (2011: 10 cents) per share in respect of the year ended 31 March 2012 at the forthcoming annual general meeting of the Company to be held on 14 September 2012. The aggregate final dividend amounting to $12,405,000 (2011: $21,037,000), if approved by the shareholders, is expected to be paid on or around 4 October 2012.

CLOSURE OF REGISTER OF MEMBERS
For the purpose of ascertaining the entitlement of the shareholders to attend and vote at the forthcoming annual general meeting, the register of members of the Company will be closed from 10 September 2012 to 14 September 2012 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the company share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Friday, 7 September 2012.

The register of members of the Company will also be closed from 20 September 2012 to 24 September 2012 (both days inclusive), during which period no transfer of shares will be effected for the purpose of ascertaining the entitlement of the shareholders to the proposed final dividend. In order to qualify for the final dividend payable on or around 4 October 2012 to be approved at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the company share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 19 September 2012.

BUSINESS REVIEW AND PROSPECTS
Turnover of the Group for the current year of 2011/12 increased to HK$1,750,673,000 (2010/11: HK$1,416,250,000) and the overall net profit was HK$104,333,000 (2010/11: HK$113,586,000).

The overall net profit for the Group dropped by 8% to HK$104,333,000 (2010/11: HK$113,586,000) while the operating profit from our core garment business increased by 214% to HK$82,233,000 (2010/11: HK$26,221,000). The main reason for the slight drop in overall profit was due to the substantial decrease in profit from our Wuxi investment.

Garment manufacturing in China during the year remained difficult and challenging. Our factories in China faced another tough year from escalating manufacturing costs, lack of sewing workers and strong competitions from overseas. However despite all the adverse conditions, our China factories still managed to achieve good results due largely to the hard work of both our sales and manufacturing divisions.

With the ever increasing competition from overseas countries and there is a general tendency of moving low value-added and labour intensive industries away from the Pearl River Delta region. The management was compelled to follow this trend by shifting our main manufacturing facilities from Panyu Guangzhou to Guigang Guangxi. This move has resulted in some major restructuring in our Panyu operations.

Through expansion of its manufacturing facilities and efforts of our management, Lavender Garment Limited in Bangladesh recorded an increase in profit in the year under review. Despite of a weak European economy we expect results from this factory to be steady in the coming year because of its competitive cost structure.

Our Wuxi investment in the year under review was a total reverse from the previous financial year of 2010/11. There was a huge decrease of profit due to the drastic drop of raw cotton prices which negatively affected the selling prices of our yarns.

OUTLOOK
We are expecting a very challenging year ahead. The current global economic problems will have a very negative impact on our garment business. Furthermore weakness of both Euros and Pound Sterling will make it more difficult for us to sell to Europe where a great portion of our export business lies. As to the production side, the management will concentrate on securing and reinforcing the productivity of our manufacturing base in Guigang Guangxi as well as cutting down our overall manufacturing costs through further restructuring. Bangladesh's production will continue to increase in a steady pace. Poor results from our Wuxi investment will continue as the yarn selling price is expected to remain depressed and in addition a weaker demand for our high quality compact yarn is expected from a poor European market.

GARMENT BUSINESS
Yangtzekiang Garment Limited and Hong Kong Knitters Limited are the two names that we use to operate our garment business. We manufacture a wide spectrum of products that included men's and ladies' shirts, trousers, shorts, polo shirts, t-shirts, jackets and knitted outerwear etc. Hong Kong is our Group's headquarters. It takes on the roles of garment trading, sourcing, controlling our overall manufacturing facilities in China and Bangladesh as well as monitoring and supporting our subcontractors both in China and abroad. We also have sales offices in China in Panyu, Dongguan, Hangzhou, Wuxi and Shanghai that take care of our manufacturing needs and oversee our domestic sales in the regions.

Our manufacturing facilities in China are mainly based in Panyu Guangzhou and Guigang Guangxi. Guigang has become our major production location partly due to the high escalating manufacturing costs in the Pearl River Delta region and partly due to the preference for high value-added industries by local governments and garment industry is not included.

With the weak European and U.S. markets as well as the unstable economic environment worldwide, we foresee 2012/13 to be a difficult year for our garment business both in trading and manufacturing. Our manufacturing operation in China is still undergoing a series of restructuring which includes merging the two factories' common departments in Panyu, subcontracting its low profit margin dyeing needs to outsiders, streamlining its production facilities and venturing into new products like down jackets to hopefully solve the low season problems etc.

Through expansion of its manufacturing facilities and capacity, Lavender Garment Limited, our shirt factory in Bangladesh, had another year of profit. Its competitive cost structure hopefully can combat the weak market situation and continue to have positive growth and profits in the years to come. Lavender Garment Limited in addition to shirt manufacturing also functions as a buying office providing services to our clients.

A large part of our garment business is manufactured by factories which are not owned by the company. We have business arrangements and partnerships with many factories in China, Myanmar, Bangladesh, Vietnam, Cambodia and Indonesia. We also expect this part of the business to be weakened by the global economic problems in the coming year.

OTHER BUSINESS
Wuxi No. 1 Cotton Investment Co., Ltd. in which we have a 49% shareholding is our jointly controlled entity that owns several textiles related companies in Wuxi China. The core business of the Wuxi Group is the production of medium range to high end yarns. The operation recorded a huge decrease of profits in the year under review mainly due to the drastic drop of cotton prices which affected their yarn selling prices. With persistent low yarn prices and drop in demand for its high end compact yarn from Europe, we do not expect improvement in profits in the coming year.

LIQUIDITY AND FINANCIAL POSITION
During the year under review, the Group's operations continued to be financed by the internal resources and bank borrowings.

As at 31 March 2012, the cash and bank balances of the Group were approximately $149,227,000 (2011: $137,086,000). As at 31 March 2012 and 2011, the Group did not have any short term borrowings and long term borrowings.

The Group adopts a prudent policy to hedge the fluctuation of foreign exchange rates. As most of the Group's sales, purchases, cash and bank balances and bank borrowings are denominated in Hong Kong dollars, United States dollars, Euros, Pound Sterling or Renminbi, the Group may enter into forward foreign exchange contracts to hedge its receivables and payables denominated in the above foreign currencies against the exchange rate fluctuation when the exposure is significant. As at 31 March 2012, the Group had no open foreign exchange contracts (2011: $3,865,000).

PLEDGE OF ASSETS
As at 31 March 2012, none of the assets of the Group was pledged.

EMPLOYMENT AND REMUNERATION POLICIES
As at 31 March 2012, the Group, including its subsidiaries but excluding its associates and jointly controlled entities, employed approximately of 5,800 employees. Remuneration packages are determined by reference to employees' performance and the prevailing salary levels in the market. In addition, the Group provides year end double pay, provident fund scheme, medical insurance and training to staff.

SHARE OPTION SCHEME
On 23 September 2004, the Company adopted a share option scheme (the "Share Option Scheme") which will remain in force until 22 September 2014. Pursuant to the terms of the Share Option Scheme, the Company may grant options to directors and employees of the Group and other eligible participants to subscribe for shares in the Company, provided that the total number of shares in the Company which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company does not exceed 10% of the shares of the Company in issue at the date of adoption of the Share Option Scheme, which was 14,024,579 shares. On 19 September 2006, it was approved in the annual general meeting that the maximum number of options to be granted under the Share Option Scheme was increased to 21,036,868 shares, representing 10% of the total number of ordinary shares in issue on that day.

No options were granted under the Share Option Scheme during the year.

PURCHASE, SALE OR REDEMPTION OF SHARES

During the year ended 31 March 2012, the Company repurchased 3,621,000 ordinary shares on the Stock Exchange at an aggregate consideration of HK$7,288,000. Details for the repurchases are set out in note 7(c)(i) above:

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2012.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 March 2012 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of the Company's directors, all directors confirmed that they have complied with the required standard set out in the Model Code and the Company's code of conduct regarding directors' securities transactions.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises three independent non-executive directors of the Company.

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group of the year ended 31 March 2012.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of the Company will be held on Friday, 14 September 2012 and the Notice of annual general meeting will be published and dispatched to the shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.ygm.com.hk under "Results Announcement". The annual report for the year ended 31 March 2012 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board
Yangtzekiang Garment Limited
Chan Sui Kau
Chairman

Hong Kong, 26 June 2012

As at the date of this announcement, the Board consists of eight executive directors, namely Dr. Chan Sui Kau, Mr. Chan Wing Fui, Peter, Mr. Chan Wing Kee, Mr. Chan Wing To, Madam Chan Suk Man, Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley and Mr. So Ying Woon, Alan and three independent non-executive directors, namely Mr. Leung Hok Lim, Mr. Lin Keping and Mr. Sze Cho Cheung, Michael.