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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 2017

The Board of Directors of Yangtzekiang Garment Limited ("**the Company**") hereby announces the consolidated results of the Company and its subsidiaries (together referred to as "**the Group**") and the Group's interests in an associate and joint ventures for the year ended 31 March 2017 together with comparative figures for the corresponding period and selected explanatory information as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	Note	**2017**	2016
		$'000	*$'000*
Revenue	*3&4*	**800,343**	938,434
Cost of sales		**(661,036)**	(774,124)
Gross profit		**139,307**	164,310
Other income	*5*	**11,016**	9,029
Selling and distribution expenses		**(57,248)**	(64,116)
Administrative expenses		**(64,631)**	(66,363)
Other operating expenses		**(15,881)**	(19,555)
Profit from operations		**12,563**	23,305
Finance costs	*6(a)*	**(2,719)**	(3,002)
Share of profits/(losses) of joint ventures		**11,497**	(28,391)
Gain on deregistration of a subsidiary	*7*	**12,838**	-
Impairment loss on plant and equipment	*8*	**(12,304)**	(4,656)
Net valuation gains on investment properties	*12*	**12,369**	20,759
Profit before taxation	*6*	**34,244**	8,015
Income tax	*9*	**(6,259)**	(3,658)
Profit for the year		**27,985**	4,357
Attributable to:			
Equity shareholders of the Company		**30,380**	4,413
Non-controlling interests		**(2,395)**	(56)
Profit for the year		**27,985**	4,357
Earnings per share			
Basic and diluted	*11*	**$0.15**	$0.02

Details of dividends payable to equity shareholders of the Company attributable to the year are set out in note 10.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 March 2017
(Expressed in Hong Kong dollars)

	2017	2016
	$'000	*$'000*
Profit for the year	**27,985**	4,357
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that are or may be reclassified subsequently to profit or loss:		
Exchange differences on translation of:		
- financial statements of subsidiaries outside Hong Kong	**(7,584)**	(6,891)
- share of joint ventures' net assets	**(33,012)**	(31,197)
	(40,596)	(38,088)
Release of exchange reserve to profit or loss upon deregistration of a subsidiary	**(12,838)**	-
Available-for-sale securities: net movement in the investment revaluation reserve	**1,637**	(897)
Cash flow hedges: net movement in the hedging reserve	**551**	(969)
Other comprehensive income for the year	**(51,246)**	(39,954)
Total comprehensive income for the year	**(23,261)**	(35,597)
Attributable to:		
Equity shareholders of the Company	**(20,720)**	(35,472)
Non-controlling interests	**(2,541)**	(125)
Total comprehensive income for the year	**(23,261)**	(35,597)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2017
(Expressed in Hong Kong dollars)

	Note	2017	2016
		$'000	*$'000*
Non-current assets			
Investment properties	*12*	**220,579**	233,506
Other property, plant and equipment		**65,146**	82,368
Interest in leasehold land held for own use under operating leases		**1,353**	1,496
		287,078	317,370
Intangible assets		**3,175**	3,270
Interest in an associate		**-**	-
Interests in joint ventures		**513,385**	541,095
Other financial assets		**5,731**	4,250
Deferred tax assets		**1,754**	1,687
		811,123	867,672
Current assets			
Inventories		**68,168**	79,482
Trade and other receivables	*13*	**138,839**	121,667
Current tax recoverable		**1,169**	804
Cash and cash equivalents		**313,489**	311,644
		521,665	513,597
Current liabilities			
Trade and other payables	*14*	**105,568**	109,977
Current tax payable		**19,152**	14,668
		124,720	124,645
Net current assets		**396,945**	388,952
Total assets less current liabilities		**1,208,068**	1,256,624
Non-current liabilities			
Provision for long service payments		**20,407**	21,673
Deferred tax liabilities		**15,209**	17,292
		35,616	38,965
NET ASSETS		**1,172,452**	1,217,659
CAPITAL AND RESERVES			
Share capital		**208,418**	208,418
Reserves		**961,162**	1,002,557
Total equity attributable to equity shareholders of the Company		**1,169,580**	1,210,975
Non-controlling interests		**2,872**	6,684
TOTAL EQUITY		**1,172,452**	1,217,659

NOTES:
(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2017 and 2016 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2016, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) ("Companies Ordinance") is as follows:

The financial statements for the year ended 31 March 2017 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 March 2016 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on these financial statements for the year ended 31 March 2016. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements of the Group for the year ended 31 March 2017 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 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 ("the Listing Rules"). In addition, this announcement has been reviewed by the Company's audit committee.

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

2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to HKFRSs 2012-2014 Cycle*
- Amendments to HKAS 1, *Presentation of financial statements: Disclosure initiative*
- Amendments to HKAS 16, *Property, plant and equipment* and HKAS 38, *Intangible assets: Clarification of acceptable methods of depreciation and amortisation*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3. REVENUE

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

Revenue represents the invoiced value of goods supplied to customers, processing service income and rental income. The amount of each significant category of revenue recognised during the year is as follows:

	2017	2016
	$'000	*$'000*
Manufacture and sale of garments	**750,564**	866,463
Manufacture and sale of textiles	**19,426**	35,443
Processing service income	**21,930**	27,270
Property rental income	**8,423**	9,258
	800,343	938,434

The Group's customer base is diversified. For the year ended 31 March 2017, revenue of approximately $124,255,000 is derived from a single external customer with whom transactions have exceeded 10% of the Group's revenue. For the year ended 31 March 2016, revenues of approximately $107,697,000 and $100,029,000 were derived from two external customers with whom transactions had exceeded 10% of the Group's revenue. These revenues are attributable to the sales of garments.

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:

- Manufacture and sale of garments and textiles: this segment covers the manufacture and sale of garment and textile products, and provision of garment processing services.
- Interests in joint ventures: the Group's joint ventures engage in the manufacture 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, interest in an associate, 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/loss 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 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 finance costs from cash balances and borrowings managed directly by the segments, depreciation, amortisation and 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 joint ventures

The Group's interests in joint ventures 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 result of the interests in joint ventures, which is defined as the reportable segment profit/loss for this particular segment. Reportable segment assets represent the Group's share of net assets of the joint ventures. Revenue of joint ventures is not presented as reportable segment revenue because it is not reviewed by the Group's senior executive management for resource allocation purposes.

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 2017 and 2016 is set out below:

	Manufacture and sale of garments and textiles		Interests in joint ventures		Property leasing		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016
	$'000	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*	***$'000***	*$'000*
Revenue from external customers	**791,920**	929,176	**-**	-	**8,423**	9,258	**800,343**	938,434
Inter-segment revenue	**-**	-	**-**	-	**1,635**	1,742	**1,635**	1,742
Reportable segment revenue	**791,920**	929,176	**-**	-	**10,058**	11,000	**801,978**	940,176
Reportable segment profit /(loss) (adjusted EBITDA)	**16,065**	25,486	**11,497**	(28,391)	**6,923**	10,640	**34,485**	7,735
Interest income	**956**	1,301	**-**	-	**-**	-	**956**	1,301
Finance costs	**(2,719)**	(3,002)	**-**	-	**-**	-	**(2,719)**	(3,002)
Depreciation and amortisation	**(7,502)**	(10,118)	**-**	-	**-**	-	**(7,502)**	(10,118)
Gain on deregistration of a subsidiary	**12,838**	-	**-**	-	**-**	-	**12,838**	-
Impairment loss on plant and equipment	**(12,304)**	(4,656)	**-**	-	**-**	-	**(12,304)**	(4,656)
Impairment loss on trade receivables	**(3,012)**	(122)	**-**	-	**-**	-	**(3,012)**	(122)
Impairment loss on other receivables reversed/(provided)	**1,840**	(3,647)	**-**	-	**-**	-	**1,840**	(3,647)
Reportable segment assets	**586,166**	595,786	**513,385**	541,095	**280,405**	313,992	**1,379,956**	1,450,873
Additions to non-current segment assets during the year	**4,302**	5,911	**-**	-	**-**	-	**4,302**	5,911
Reportable segment liabilities	**121,918**	127,300	**-**	-	**-**	-	**121,918**	127,300

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2017	2016
	$'000	*$'000*
Revenue		
Reportable segment revenue	**801,978**	940,176
Elimination of inter-segment revenue	**(1,635)**	(1,742)
Consolidated revenue	**800,343**	938,434
Profit		
Reportable segment profit derived from the Group's external customers (adjusted EBITDA)	**34,485**	7,735
Finance costs	**(2,719)**	(3,002)
Interest income	**956**	1,301
Depreciation and amortisation	**(7,502)**	(10,118)
Gain on deregistration of a subsidiary	**12,838**	-
Impairment loss on plant and equipment	**(12,304)**	(4,656)
Net valuation gains on investment properties	**12,369**	20,759
Unallocated head office and corporate expenses	**(3,879)**	(4,004)
Consolidated profit before taxation	**34,244**	8,015
Assets		
Reportable segment assets	**1,379,956**	1,450,873
Elimination of inter-segment assets	**(59,825)**	(80,485)
	1,320,131	1,370,388
Intangible assets	**3,175**	3,270
Other financial assets	**5,731**	4,250
Current tax recoverable	**1,169**	804
Deferred tax assets	**1,754**	1,687
Unallocated head office and corporate assets	**828**	870
Consolidated total assets	**1,332,788**	1,381,269
Liabilities		
Reportable segment liabilities	**121,918**	127,300
Current tax payable	**19,152**	14,668
Deferred tax liabilities	**15,209**	17,292
Unallocated head office and corporate liabilities	**4,057**	4,350
Consolidated total liabilities	**160,336**	163,610

(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 investment properties, other property, plant and equipment and interest in leasehold land held for own use under operating leases, intangible assets, interests in an associate and joint ventures ("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 investment properties, other property, plant and equipment and interest in leasehold land held for own use under operating leases, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in an associate and joint ventures.

	Revenue from external customers		Specified non-current assets	
	2017	2016	**2017**	2016
	$'000	*$'000*	***$'000***	*$'000*
Hong Kong (place of domicile)	**41,348**	61,342	**243,875**	234,641
Europe				
- United Kingdom	**134,696**	152,194	**-**	-
- Italy	**143,724**	130,994	**-**	-
- Spain	**67,544**	89,700	**-**	-
- Other European countries	**110,275**	138,671	**-**	-
Mainland China	**52,325**	83,013	**550,031**	612,353
North America				
- United States	**142,567**	152,106	**-**	-
- Canada	**9,410**	7,608	**-**	-
Others	**98,454**	122,806	**9,732**	14,741
	758,995	877,092	**559,763**	627,094
	800,343	938,434	**803,638**	861,735

5. OTHER INCOME

	2017	2016
	$'000	*$'000*
Net gain on disposals of other property, plant and equipment	**5,788**	25
Scrap income	**2,097**	2,920
Interest income	**956**	1,301
Government grants	**933**	1,423
Management fee income	**804**	804
Net claim income/(expense)	**707**	(2,234)
Dividend income from equity securities	**486**	1,015
Commission income	**201**	435
Write-off of aged payables	**73**	671
Net loss on disposals of investment properties	**(2,822)**	-
Net exchange loss	**(65)**	(4,199)
Net gain on disposal of a subsidiary	**-**	4,490
Sundry income	**1,858**	2,378
	11,016	9,029

6. PROFIT BEFORE TAXATION

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

	2017	2016
	$'000	*$'000*
(a) Finance costs:		
Interest on bank loans (including bank charges)	**2,729**	2,970
Cash flow hedges: reclassified from equity	**(10)**	32
	2,719	3,002
(b) Other items:		
Cost of inventories	**661,036**	774,124
Amortisation of pre-paid interests in leasehold land	**55**	58
Amortisation of intangible assets	**95**	39
Depreciation	**7,352**	10,021
Net gain on cash flow hedging instruments reclassified from equity	**(4,183)**	(282)
Impairment losses/(reversal of impairment losses) on:		
- trade receivables	**3,012**	122
- other receivables	**(1,840)**	3,647

7. DEREGISTRATION OF A SUBSIDIARY

During the year ended 31 March 2017, Whampoa Garment Manufacturing (Guangzhou) Co., Ltd., a wholly-owned subsidiary of the Group, was deregistered and a one-off non-cash gain of $12,838,000 arising from the release of exchange reserve upon deregistration was recognised in profit or loss.

8. IMPAIRMENT LOSS

Dagon Talent Garment Limited ("Dagon Talent") and Whampoa Garment Manufacturing (Guigang) Co., Ltd. ("WGM Guigang"), subsidiaries of the Company, engaged in garment manufacturing in Myanmar and Guangxi, Mainland China, respectively. Each of them constituted a single cash generating unit ("CGU") of the Group.

During the year ended 31 March 2017, Dagon Talent and WGM Guigang recorded operating losses which indicated the plant and equipment belong to them might have been impaired. As such, the Group assessed the recoverable amounts of the plant and equipment of Dagon Talent and WGM Guigang as at 31 March 2017 and as a result, the carrying amounts of the plant and equipment of both CGUs were fully written down. Accordingly, an impairment loss of $12,304,000 (2016: $4,656,000) was recognised in profit or loss for the year ended 31 March 2017. The estimates of recoverable amount were based on value-in-use calculations which adopted discount rates of 23.2% and 15.1% for Dagon Talent and WGM Guigang respectively (2016: 13.6%). The discount rates used are pre-tax and reflect specific risks relating to Dagon Talent and WGM Guigang respectively.

Impairment loss on plant and equipment is recognised in the line item "impairment loss on plant and equipment" on the face of the consolidated statement of profit or loss.

9. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	2017	2016
	$'000	*$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**4,126**	1,919
Over-provision in respect of prior years	**(324)**	(62)
	3,802	1,857
Current tax – Overseas		
Provision for the year	**2,747**	3,189
Land Appreciation Tax	**1,997**	-
	4,744	3,189
Deferred tax		
Origination and reversal of temporary differences	**(2,287)**	(1,388)
	6,259	3,658

The provision for Hong Kong Profits Tax for 2017 is calculated at 16.5% (2016: 16.5%) of the estimated assessable profits for the year.

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

10. DIVIDENDS

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

	2017	2016
	$'000	*$'000*
Final dividend proposed after the end of the reporting period of $0.10 (2016: $0.10) per ordinary share	**20,675**	20,675

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2017	2016
	$'000	*$'000*
Final dividend in respect of the previous financial year, approved and paid during the year of $0.10 (2016: $0.03) per ordinary share	**20,675**	6,202

11. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of $30,380,000 (2016: $4,413,000) and the weighted average number of 206,748,000 (2016: 206,748,000) ordinary shares in issue during the year.

(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 2017 and 2016.

12. INVESTMENT PROPERTIES

During the year ended 31 March 2017, the Group recognised net valuation gains of approximately $12,369,000 (2016: $20,759,000) on its investment properties which mainly resulted from the favourable valuation of the properties in Hong Kong.

13. TRADE AND OTHER RECEIVABLES

	2017	2016
	$'000	*$'000*
Trade debtors	**76,518**	60,753
Bills receivable	**43,388**	38,453
Less: allowance for doubtful debts	**(3,267)**	(267)
	116,639	98,939
Deposits, prepayments and other debtors	**17,493**	20,392
Amounts due from related companies	**4,596**	2,319
Amount due from an associate	**17**	17
Derivative financial instruments	**94**	-
	138,839	121,667

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

The amounts due from related companies and an associate are unsecured, interest-free and recoverable on demand except for those trade related items under normal trade terms.

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2017	2016
	$'000	*$'000*
Within 1 month	**57,146**	38,242
Over 1 month but within 2 months	**23,613**	17,365
Over 2 months but within 3 months	**20,857**	34,254
Over 3 months but within 4 months	**5,837**	4,550
Over 4 months	**9,186**	4,528
	116,639	98,939

Trade debtors and bills receivable are due between 0 to 120 days from the date of billing.

14. TRADE AND OTHER PAYABLES

	2017	2016
	$'000	*$'000*
Trade creditors	**64,702**	59,399
Bills payable	**673**	1,846
	65,375	61,245
Accrued charges and other creditors	**39,530**	47,483
Amounts due to related companies	**339**	356
Amounts due to joint ventures	**79**	13
Amount due to an associate	**197**	209
Derivative financial instruments	**48**	671
	105,568	109,977

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, joint ventures and an associate are unsecured, interest-free and repayable on demand except for those trade related items under normal trade terms.

Included in trade and other payables are trade creditors and bills payable with the following ageing analysis, based on the invoice date, as of the end of the reporting period:

	2017	2016
	$'000	*$'000*
Within 1 month	**41,971**	34,387
Over 1 month but within 2 months	**10,171**	14,259
Over 2 months but within 3 months	**9,589**	10,431
Over 3 months	**3,644**	2,168
	65,375	61,245

DIVIDENDS

The Board resolved to recommend the payment of a final dividend of HK10 cents (2016: HK10 cents) per ordinary share in respect of the year ended 31 March 2017 at the forthcoming annual general meeting of the Company to be held on 20 September 2017. The aggregate final dividend amounting to HK$20,675,000 (2016: HK$20,675,000), if approved by the shareholders, is expected to be paid on or around 12 October 2017.

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 14 September 2017 to 20 September 2017 (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, which is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Wednesday, 13 September 2017.

The register of members of the Company will also be closed from 27 September 2017 to 29 September 2017 (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 12 October 2017 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, which is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Tuesday, 26 September 2017.

BUSINESS REVIEW AND PROSPECTS

Revenue of the Group for the current year of 2016/17 was HK$800,343,000 (2015/16: HK$938,434,000) and the overall profit was HK$27,985,000 (2015/16: HK$4,357,000).

The great improvement of our overall profit was mainly due to the positive result of our investments in the joint ventures in Wuxi of which the Group holds 49%, and to the one-off non-cash gain from deregistration of a subsidiary.

Profit from operations for the year under review was HK$12,563,000 as compared to HK$23,305,000 of the previous year. The main reasons for the decrease of profit were due to the reduction of sales revenue, our costs increased as well as the poor sale of garment apparels in our major markets in Europe, the U.S. and China.

Our factories in China (Panyu and Guigang) had a difficult year and negative result was recorded in the year under review. Due to strong competition from neighboring countries and the escalating manufacturing costs in China, our business and profits dropped. The coming year would be another challenging one for our operation in China as manufacturing costs in China keep on increasing.

Our factory in Bangladesh in this financial year recorded a slightly better than breakeven result. The strict control on production safety imposed by the Bangladesh government has gained back customers' confidence. A steady growth is expected for our garment business there, and despite the keen competition and tight profit margin, the management anticipated a similar, if not better, result for our Bangladesh operation in 2017/18.

Our factory in Myanmar recorded a loss in the year under review. The fierce competition, inefficiency of the sewing workers and the quality issues happened earlier of the year attributed to the loss. The coming year would continue to be as difficult but it is hoped that through improvement of productivity and price margins, our Myanmar operation could minimize its loss.

As mentioned above, our investments in Wuxi had seen a better year in 2016/17. The improvement of cotton quality, lower cotton prices, adjustment to product mix and closure of obsolete weaving sections, the Wuxi operation was back to profit and the management is optimistic that this would prevail to the coming year.

OUTLOOK

The instability of the world markets and the volatility of the currency exchange rates that affected our performance this year would continue to have adverse effects on our profitability in the coming year. Our core garment business as well as our factories would inevitably be affected too. It is hoped that through the development of new customers, stringent control on costs and improvement of our productivities, our core garment business could maintain its profitability in the year to come. Our Wuxi investment's encouraging result in this financial year is expected to continue and contribute to our overall profit in the coming financial year.

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 variety of products that include men's and ladies' shirts, trousers, shorts, polo shirts, T-shirts, jackets and knitted outerwear, etc. Hong Kong is our Group's headquarters that handles our core garment businesses including manufacturing, trading and sourcing. We have factories in China (Guigang and Panyu), Bangladesh and Myanmar. Besides Hong Kong and places where we have factories, we also have offices in China (Dongguan and Hangzhou). These offices not only provide supports to our own factories, but also monitor and liaise with our subcontractors and business partners around these areas.

The year under review had been a difficult one for our core garment business. On the selling side, the global instability both politically and economically affected our clients' purchasing power. Poor garment sales and weak currencies also deterred them from placing orders in larger quantity. Due to the change of buying patterns and fierce competition from our neighboring countries, our sales revenue had dropped by 15%. To combat this problem, the management has already inserted extra efforts and resources in the development of new markets and new customers. On the manufacturing side, our factories as usual had to tackle problems like: keen competition, inefficiency of sewing workers, uneven spread of orders, ever escalating manufacturing costs and lower garment prices demanded by customers. Of all our factories, only Bangladesh factory recorded a better than breakeven results. Despite the unsatisfactory performance of our core garment business, our overall profit had increased substantially as revealed above. The main reasons being the positive results of our investments in the joint ventures in Wuxi of which the Group holds 49%; the one-off non-cash gains arising from the release of exchange reserve upon deregistration of a subsidiary and the valuation gains of our investment properties.

Our China factories operating under the names of Exquisite Knitters (Guangzhou) Limited and Whampoa Garment Manufacturing (Guigang) Co., Ltd., had recorded a loss for the year under review. Due to strong competition from countries like Vietnam, some of our orders were lost and caused disruption to our production. Although new customers were found, it took time for the factories to cope with their trading patterns thus affecting the factories' performance. With the upcoming increase of minimum wage and social insurance, it would be even more difficult for the factories to stay competitive. The coming year would be a challenging year for our operation in China.

Lavender Garment Limited, our factory in Bangladesh recorded a better than breakeven results for the year under review. The improvement of Fire, Electrical and Building Structural Safety of our factory as required by the authority was completed. It improved our image as a factory and business had been steadily increasing. However the production costs including the high maintenance cost of the Production Safety are constantly on the rise, and the continuous narrowing of our profit margin affect our performance and we expect a similar result for the year to come.

Our factory in Myanmar – Dagon Talent Garment Limited, was at a loss in the year under review. The quality issues happened earlier of the year had already been rectified and output had gradually recovered. However its relatively high manufacturing costs and low efficiency of its sewing workers had affected its competitiveness. For the coming year, the management will focus on improving its efficiency so as to offset the rising cost and lower garment prices. It is hoped that for the coming year the Myanmar operation could reduce its loss.

OTHER BUSINESS

Wuxi No. 1 Cotton Investment Co., Ltd. in which we have a 49% shareholding is a joint venture that owns several textiles related companies in Wuxi, China ("Wuxi Group"). The core business of the Wuxi Group is the production of medium range to high end yarns. The profit shared by the Group in the year under review was HK$11,497,000 (2015/16: a loss of HK$28,391,000). There were four main reasons attributed to the positive result. Firstly was the quality of cotton supplied by its primary source in Xinjiang were much improved. Secondly, the cotton utilized for production was purchased at lower prices. Thirdly was the adjustment of its product mix to cope with the market's requirements and fourthly was the closure of its uncompetitive weaving sections. Coming year would continue to be highly competitive. The company would adjust its reliance on viscose cotton products in accordance to its profitability. As various productivity initiatives are in progress and greater efforts have been put in product development, the management expects the next financial year to be profitable.

LIQUIDITY AND FINANCIAL POSITION

During the year under review, the Group's operations continued to be mainly financed by the internal resources.

As at 31 March 2017, the cash and bank balances of the Group were approximately HK$313,489,000 (2016: HK$311,644,000). As at 31 March 2017 and 2016, the Group did not have any short term 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 are denominated in Hong Kong dollars, United States dollars, Euros, Pounds 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 2017, the Group has forward foreign exchange contracts hedging forecast transactions with net fair value of HK$94,000(assets) and HK$48,000(liabilities) (2016: HK$671,000(liabilities)), recognised as derivative financial instruments.

PLEDGE OF ASSETS

As at 31 March 2017, none of the assets of the Group was pledged.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2017, the Group, including its subsidiaries but excluding its associate and joint ventures, employed approximately 3,800 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.

PURCHASE, SALE OR REDEMPTION OF SHARES

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 2017.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 March 2017 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 four independent non-executive directors of the Company.

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and the draft consolidated financial statements of the Group for the year ended 31 March 2017.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of the Company will be held on Wednesday, 20 September 2017 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 2017 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board
Yangtzekiang Garment Limited
Chan Wing Fui, Peter
Chairman

Hong Kong, 27 June 2017

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 four independent non-executive directors, namely Mr. Leung Hok Lim, Mr. Lin Keping, Mr. Sze Cho Cheung, Michael and Mr. Choi Ting Ki.