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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 INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2020**

The Board of Directors of Yangtzekiang Garment Limited (“**the Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (together referred to as “**the Group**”) and the Group’s interests in joint ventures for the six months ended 30 September 2020 as follows. The interim results have not been audited, but have been reviewed by the Company’s Audit Committee.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the six months ended 30 September 2020 – unaudited**  
*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>Six months ended 30 September</b>	
		<b>2020</b>	2019
		<b>\$'000</b>	\$'000
<b>Revenue</b>	3 & 4	<b>219,650</b>	290,966
Cost of sales		<u><b>(183,695)</b></u>	<u>(245,393)</u>
<b>Gross profit</b>		<b>35,955</b>	45,573
Other income		2,674	6,664
Selling and distribution expenses		<b>(18,508)</b>	(23,360)
Administrative expenses		<b>(23,466)</b>	(30,011)
Other operating expenses	5(c)	<u><b>(5,928)</b></u>	<u>(7,944)</u>
<b>Loss from operations</b>		<b>(9,273)</b>	(9,078)
Finance costs	5(a)	<b>(2,193)</b>	(2,054)
Share of losses of joint ventures		<b>(10,019)</b>	(3,991)
Gain on deregistration of a subsidiary	6	-	1,078
Net valuation losses on investment properties	10(c)	<u><b>(402)</b></u>	<u>(4,155)</u>
<b>Loss before taxation</b>	5	<b>(21,887)</b>	(18,200)
Income tax	7	<u><b>(921)</b></u>	<u>(648)</u>
<b>Loss for the period</b>		<u><b>(22,808)</b></u>	<u>(18,848)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>(22,391)</b>	(18,896)
Non-controlling interests		<u><b>(417)</b></u>	<u>48</u>
<b>Loss for the period</b>		<u><b>(22,808)</b></u>	<u>(18,848)</u>
<b>Loss per share</b>			
Basic and diluted	9	<u><b>(\$0.11)</b></u>	<u>(\$0.09)</u>

Details of dividends payable to equity shareholders of the Company attributable to the period are set out in note 8.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

**For the six months ended 30 September 2020 – unaudited**

*(Expressed in Hong Kong dollars)*

	<b>Six months ended 30 September</b>	
	<b>2020</b>	<b>2019</b>
<i>Note</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Loss for the period</b>	<b>(22,808)</b>	<b>(18,848)</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Equity investments at fair value through other comprehensive income: net movement in the investment revaluation reserve (non-recycling)	<u>(621)</u>	<u>(774)</u>
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
- financial statements of subsidiaries outside Hong Kong	<b>2,987</b>	<b>(4,934)</b>
- share of joint ventures' net assets	<u>19,902</u>	<u>(32,499)</u>
	<b>22,889</b>	<b>(37,433)</b>
Release of exchange reserve upon deregistration of a subsidiary	<b>6</b> -	<b>(1,078)</b>
Other comprehensive income for the period	<u>22,268</u>	<u>(39,285)</u>
<b>Total comprehensive income for the period</b>	<b><u>(540)</u></b>	<b><u>(58,133)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>(130)</b>	<b>(58,576)</b>
Non-controlling interests	<u>(410)</u>	<u>443</u>
<b>Total comprehensive income for the period</b>	<b><u>(540)</u></b>	<b><u>(58,133)</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**At 30 September 2020 – unaudited**

*(Expressed in Hong Kong dollars)*

	At 30 September 2020 \$'000	At 31 March 2020 \$'000
	<i>Note</i>	
<b>Non-current assets</b>		
Investment properties	10 230,581	229,989
Other property, plant and equipment	10 57,342	58,487
Interest in leasehold land held for own use	1,176	1,154
	<u>289,099</u>	<u>289,630</u>
Intangible assets	2,843	2,890
Interests in joint ventures	495,795	488,657
Other financial assets	19,314	19,878
	<u>807,051</u>	<u>801,055</u>
<b>Current assets</b>		
Inventories	31,545	51,245
Trade and other receivables	11 103,603	119,181
Current tax recoverable	4,398	378
Cash at bank and in hand	274,059	272,451
	<u>413,605</u>	<u>443,255</u>
<b>Current liabilities</b>		
Trade and other payables	12 51,579	73,150
Contract liabilities	6,694	4,745
Lease liabilities	4,414	4,099
Current tax payable	10,888	7,340
	<u>73,575</u>	<u>89,334</u>
<b>Net current assets</b>	<u>340,030</u>	<u>353,921</u>
<b>Total assets less current liabilities</b>	<u>1,147,081</u>	<u>1,154,976</u>
<b>Non-current liabilities</b>		
Provision for long service payments	16,598	24,339
Lease liabilities	13,107	13,864
Deferred tax liabilities	17,178	16,035
	<u>46,883</u>	<u>54,238</u>
<b>NET ASSETS</b>	<u>1,100,198</u>	<u>1,100,738</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	208,418	208,418
Reserves	893,018	893,148
<b>Total equity attributable to equity shareholders of the Company</b>	<u>1,101,436</u>	<u>1,101,566</u>
<b>Non-controlling interests</b>	<u>(1,238)</u>	<u>(828)</u>
<b>TOTAL EQUITY</b>	<u>1,100,198</u>	<u>1,100,738</u>

Notes:

(Expressed in Hong Kong dollars)

## 1. BASIS OF PREPARATION

This interim financial results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 27 November 2020.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2020, except for the accounting policy changes that are expected to be reflected in the annual financial statements of the Group for the year ending 31 March 2021. Details of these changes in accounting policies are set out in note 2.

The preparation of interim financial results in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial results contain consolidated statement of financial position as at 30 September 2020 and the related consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the six months period then ended and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2020. This interim financial results do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial results are unaudited, but have been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31 March 2020 that is included in the interim financial results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2020 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 2020. 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 section 406(2), 407(2) or (3) of the Companies Ordinance.

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- Amendments to HKFRS 3, *Definition of a Business*
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7, *Interest Rate Benchmark Reform*
- Amendments to HKAS 1 and HKAS 8, *Definition of Material*

None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report. 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. Disaggregation of revenue by category is analysed as follows:

	Six months ended 30 September	
	2020	2019
	\$'000	\$'000
<b>Under the scope of HKFRS 15,</b>		
<i>Revenue from contracts with customers:</i>		
- Manufacture and sale of garments	192,621	270,509
- Manufacture and sale of textiles	55	397
- Processing service income	24,258	17,008
	<u>216,934</u>	<u>287,914</u>
<b>Under the scope of HKFRS 16, Leases:</b>		
- Gross rentals from investments properties	<u>2,716</u>	<u>3,052</u>
	<u>219,650</u>	<u>290,966</u>

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 4(c).

### 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) **Information about profit or loss, assets and liabilities**

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 period is set out below:

	<b>Manufacture and sale of garments and textiles</b>		<b>Interests in joint ventures</b>		<b>Property leasing</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>For the six months ended 30 September</b>								
Revenue from external customers	<b>216,934</b>	287,914	-	-	<b>2,716</b>	3,052	<b>219,650</b>	290,966
Inter-segment revenue	-	-	-	-	<b>544</b>	544	<b>544</b>	544
<b>Reportable segment revenue</b>	<b><u>216,934</u></b>	<u>287,914</u>	<u>-</u>	<u>-</u>	<b><u>3,260</u></b>	<u>3,596</u>	<b><u>220,194</u></b>	<u>291,510</u>
<b>Reportable segment (loss)/profit (adjusted EBITDA)</b>	<b><u>(9,825)</u></b>	<u>(7,499)</u>	<b><u>(10,019)</u></b>	<u>(3,991)</u>	<b><u>4,225</u></b>	<u>3,310</u>	<b><u>(15,619)</u></b>	<u>(8,180)</u>
	<b>30 September 2020</b>	31 March 2020	<b>30 September 2020</b>	31 March 2020	<b>30 September 2020</b>	31 March 2020	<b>30 September 2020</b>	31 March 2020
<b>Reportable segment assets</b>	<b>466,365</b>	501,518	<b>495,795</b>	488,657	<b>301,000</b>	300,429	<b>1,263,160</b>	1,290,604
Additions to non-current segment assets during the period	<b>768</b>	4,411	-	-	-	-	<b>768</b>	4,411
<b>Reportable segment liabilities</b>	<b><u>93,116</u></b>	<u>117,466</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>93,116</u></b>	<u>117,466</u>

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.

**(b) Reconciliations of reportable segment profit or loss**

	Six months ended 30 September	
	2020 \$'000	2019 \$'000
Reportable segment loss derived from Group's external customers (adjusted EBITDA)	(15,619)	(8,180)
Finance costs	(2,193)	(2,054)
Interest income	747	1,866
Depreciation and amortisation	(2,812)	(4,385)
Gain on deregistration of a subsidiary	-	1,078
Net valuation losses on investment properties	(402)	(4,155)
Unallocated head office and corporate expenses	(1,608)	(2,370)
Consolidated loss before taxation	<u>(21,887)</u>	<u>(18,200)</u>

**(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, intangible assets, interests in 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, 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 joint ventures.

	Revenue from external customers		Specified non-current assets	
	Six months ended 30 September		30 September	31 March
	2020 \$'000	2019 \$'000	2020 \$'000	2020 \$'000
Hong Kong (place of domicile)	18,849	19,474	243,202	244,727
Europe				
- United Kingdom	38,316	35,967	-	-
- Italy	48,477	51,520	-	-
- Spain	9,479	22,305	-	-
- Germany	44,021	49,398	-	-
- Other European countries	6,439	5,775	-	-
Mainland China	12,241	20,740	533,032	524,856
North America				
- United States	20,162	53,500	-	-
- Canada	2,790	4,237	-	-
Others	18,876	28,050	11,503	11,594
	<u>200,801</u>	<u>271,492</u>	<u>544,535</u>	<u>536,450</u>
	<u>219,650</u>	<u>290,966</u>	<u>787,737</u>	<u>781,177</u>

## 5. LOSS BEFORE TAXATION

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

	Six months ended 30 September	
	2020 \$'000	2019 \$'000
<b>(a) Finance costs</b>		
Interest on bank advances (including bank charges)	1,468	1,183
Interest on lease liabilities	725	871
	<u>2,193</u>	<u>2,054</u>
<b>(b) Other items</b>		
Depreciation		
- owned property, plant and equipment	772	1,996
- right-of use assets	1,993	2,316
Dividends income and interest income	(1,247)	(2,367)
Gain on disposal of other property, plant and equipment	(207)	(24)
	<u>(207)</u>	<u>(24)</u>
<b>(c) Other operating expenses</b>		
Auditors' remuneration	1,066	1,063
Security fee	811	814
Insurance	761	907
Other taxes and surcharges	600	814
Motor vehicle expenses	452	461
Repair and maintenance	438	424
Consultancy fee	421	671
Legal and professional fee	206	789
Amortisation of intangible assets	47	47
Amortisation of pre-paid interests in leasehold land	-	27
Sundry expenses	1,768	1,927
Recovery of receivables written off in prior years	(642)	-
	<u>5,928</u>	<u>7,944</u>

*Note:*

Government subsidy from Government's Employment Support Scheme was included in selling and distribution expenses and administrative expenses on the face of the consolidated statement of profit or loss for the six months ended 30 September 2020. There is no unfulfilled conditions or contingencies relating to this subsidy.

## 6. GAIN ON DEREGISTRATION OF A SUBSIDIARY

On 24 June 2019, Whampoa Garment Manufacturing (Guangxi) Co., Ltd., a wholly owned subsidiary of the Group, was deregistered and a one-off non-cash gain of \$1,078,000 arising from the release of exchange reserve upon deregistration was recognised in profit or loss for the six months ended 30 September 2019.

## 7. INCOME TAX

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

	Six months ended 30 September	
	2020 \$'000	2019 \$'000
Current tax - Hong Kong Profits Tax	305	119
Current tax - Overseas	412	165
Deferred tax relating to the origination and reversal of temporary differences	204	364
	<u>921</u>	<u>648</u>

The provision for Hong Kong Profits Tax is calculated by applying the estimated annual effective tax rate of 16.5% (2019: 16.5%) to the six months ended 30 September 2020, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first \$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2019.



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

## 8. DIVIDENDS

### (a) Dividends payable to equity shareholders of the Company attributable to the interim period:

No interim dividend declared and paid after the interim period end (2019: nil).

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

No final dividend in respect of the year ended 31 March 2020 was approved and paid during the period ended 30 September 2020.

Final dividend of \$0.12 per ordinary share in respect of the year ended 31 March 2019 amounted to \$24,810,000 was approved during the period ended 30 September 2019 and paid on 4 October 2019.

## 9. LOSS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of \$22,391,000 (2019: \$18,896,000) and the weighted average number of 206,748,000 (2019: 206,748,000) ordinary shares in issue during the period.

### (b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the periods ended 30 September 2020 and 2019.

## 10. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

During the six months ended 30 September 2020, the Group entered into a number of lease agreements and therefore recognised the additions to right-of-use assets of \$175,000 (six months ended 30 September 2019: \$4,168,000).

### (b) Acquisitions and disposal of owned assets

During the six months ended 30 September 2020, the Group acquired items of other property, plant and equipment with a cost of \$593,000 (six months ended 30 September 2019: \$2,040,000). Items of other property, plant and equipment with a net book value of \$24,000 were disposed of during the six months ended 30 September 2020 (six months ended 30 September 2019: \$2,000), resulting in a net gain on disposal of \$207,000 (six months ended 30 September 2019: net gain on disposal of \$24,000).

### (c) Valuation

The valuations of investment properties carried at fair value were updated at 30 September 2020 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the March 2020 valuations.

As a result of the update, a net loss of \$402,000 (six months ended 30 September 2019: \$4,155,000) has been recognised in profit or loss for the period in respect of investment properties.

## 11. TRADE AND OTHER RECEIVABLES

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 loss allowance, is as follows:

	<b>30 September 2020 \$'000</b>	31 March 2020 \$'000
Within 1 month	23,343	46,335
Over 1 month but within 2 months	34,906	24,278
Over 2 months but within 3 months	13,834	17,331
Over 3 months but within 4 months	2,826	6,297
Over 4 months	13,392	5,202
Trade debtors and bills receivable, net of loss allowance	<b>88,301</b>	99,443
Deposits, prepayments and other debtors	14,999	17,404
Amounts due from related companies	303	982
Derivative financial instruments	-	1,352
	<b>103,603</b>	119,181

Substantially all of the Group'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 0 to 330 days from the date of billing.

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

## 12. TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	<b>30 September</b>	31 March
	<b>2020</b>	2020
	<b>\$'000</b>	\$'000
Within 1 month	15,419	24,823
Over 1 month but within 2 months	5,056	4,741
Over 2 months but within 3 months	469	4,023
Over 3 months	2,176	7,527
Trade creditors and bills payable	<b>23,120</b>	41,114
Accrued charges and other creditors	<b>27,762</b>	31,799
Amounts due to related companies	153	224
Amounts due to joint ventures	13	13
Derivative financial instruments	531	-
	<b>51,579</b>	<b>73,150</b>

## INTERIM DIVIDEND

The Board has resolved not to declare the payment of interim dividend for the six months ended 30 September 2020 (2019: nil).

## BUSINESS REVIEW AND PROSPECTS

	<b>Six months ended</b>		
	<b>30 September</b>		
	<b>2020</b>	2019	+/-
	<b>HK\$'000</b>	HK\$'000	Change
Revenue	219,650	290,966	-25%
Gross profit	35,955	45,573	-21%
Gross profit margin	16%	16%	-0pp
Loss from operations	(9,273)	(9,078)	+2%
Operating margin	-4%	-3%	-1pp
Loss attributable to equity shareholders of the Company	(22,391)	(18,896)	+18%
Net profit margin	-10.2%	-6.5%	-4pp
Earnings before interest income, finance costs, income tax, depreciation and amortisation (EBITDA)	(17,629)	(13,626)	+29%
EBITDA margin	-8%	-5%	-3pp
Loss per share - basic	(\$0.11)	(\$0.09)	+22%

During the six months under review, our company recorded an overall loss of HK\$22,808,000 as compared with a loss of HK\$18,848,000 for the same period last year. This was mainly due to the unsatisfactory performance of our Wuxi investment.

COVID-19 pandemic adversely affected our business in all aspects. Comparing to same period last year, our core business' revenue was decreased by 25% and our gross profit was 21% less. Despite the high percentage of reduction in both revenue and gross profit, the overall performance of our core business, though still at a loss, was only 2% higher than last year same period's performance, which was the result of strict control of our expenses and the wage subsidy from the Government's Employment Support Scheme.

Our Bangladesh factory under the pandemic had suffered serious loss due to the lockdown of the cities and suspension of work for nearly 45 days in the first half of the year. We hope the pandemic situation would ease in the second half of the year so that the efforts we have been putting into the development of new customers for the factory, improving its quality and compliance could bring us some favourable results.

Because of the pandemic, our Myanmar factory was compelled to close down its operation for half a month in April this year. The loss of production plus cancellation and postponement of orders caused a loss of profit for the period under review. To comply with the government's order to curb the spread of COVID-19 virus, the factory again had to close down in late September and early October. It not only jeopardized our delivery but also interrupted our production. The second half of the financial year would be a difficult one.

Due to COVID-19 pandemic, the orders from the U.S. and Europe had dropped sharply plus the slowdown of the fabric market, the results of our China operation for the interim period had been greatly affected. As the exacerbating conflicts between the U.S. and China continues, the COVID-19 pandemic shows no sign of receding and the subsequent loss from the closedown of our Guangxi factory, the management expects the poor results would prevail into the second half of the financial year.

The COVID-19 pandemic inflicted heavy toll on the global business environment and our Wuxi investment was no exception. The Ethiopia operation commenced production but at a small scale which resulted in losses, and the overall performance of our Wuxi investment during the period under review was unsatisfactory. The operating environment for the second half of the financial year remains uncertain and the results would be affected.

All the above-mentioned adverse factors have attributed to the management's pessimistic forecast of the second half financial year's performance. To counter the situation, the management will continue with extra efforts to tighten our expenditure, improve our productivity, expand our client base and be cautious of our cash flow.

## **LIQUIDITY AND FINANCIAL POSITION**

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

As at 30 September 2020, the cash and bank balances of the Group were approximately HK\$274,059,000 (as at 31 March 2020: HK\$272,451,000). As at 30 September 2020 and 31 March 2020, 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 committed future sales denominated in the above foreign currencies against the exchange rate fluctuation when the exposure is significant. As at 30 September 2020, the Group has forward foreign exchange contracts hedging forecast transactions with net fair value of HK\$531,000 (liabilities) (as at 31 March 2020: HK\$1,352,000 (assets)), recognised as derivative financial instruments.

## **PLEDGE OF ASSETS**

As at 30 September 2020, none of the assets of the Group was pledged.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30 September 2020, the Group, including its subsidiaries but excluding joint ventures, employed approximately of 3,400 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 period ended 30 September 2020.

## **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 the management the accounting principles and practices adopted by the Group and the unaudited interim financial statements of the Group for the period ended 30 September 2020.

## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has complied throughout the period ended 30 September 2020 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.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a Securities Dealing Code regarding director's securities transactions on terms no less exacting than required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. All directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Securities Dealing Code throughout the period under review.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.ygm.com.hk](http://www.ygm.com.hk) under "Results Announcement". The interim report for the six months ended 30 September 2020 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 November 2020

*As at the date of this announcement, the Board consists of six executive directors, namely Mr. Chan Wing Fui, Peter, Mr. Chan Wing Kee, Mr. Chan Wing To, Madam Chan Suk Man, Mr. Chan Wing Sun, Samuel and Mr. So Ying Woon, Alan and three independent non-executive directors, namely Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.*