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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 2022**

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 joint ventures for the year ended 31 March 2022 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 2022**

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2022</b> <i>\$’000</i>	2021 <i>\$’000</i>
<b>Revenue</b>	3&4	<b>390,446</b>	420,475
Cost of sales		<u><b>(329,819)</b></u>	<u>(349,117)</u>
<b>Gross profit</b>		<b>60,627</b>	71,358
Other income	5	<b>9,119</b>	11,729
Selling and distribution expenses		<b>(28,201)</b>	(36,938)
Administrative expenses		<b>(40,473)</b>	(48,822)
Other operating expenses	6(c)	<u><b>(14,136)</b></u>	<u>(19,784)</u>
<b>Loss from operations</b>		<b>(13,064)</b>	(22,457)
Finance costs	6(a)	<b>(3,108)</b>	(3,594)
Share of profits of joint ventures		<b>43,788</b>	6,433
Impairment losses on other property, plant and equipment	7	-	(11,063)
Net valuation gains on investment properties	11	<u><b>4,048</b></u>	<u>1,727</u>
<b>Profit/(loss) before taxation</b>	6	<b>31,664</b>	(28,954)
Income tax (expenses)/credit	8	<u><b>(1,390)</b></u>	<u>303</u>
<b>Profit/(loss) for the year</b>		<u><b>30,274</b></u>	<u>(28,651)</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>30,665</b>	(27,822)
Non-controlling interests		<u><b>(391)</b></u>	<u>(829)</u>
<b>Profit/(loss) for the year</b>		<u><b>30,274</b></u>	<u>(28,651)</u>
<b>Earnings/(loss) per share</b>			
Basic and diluted	10	<u><b>\$0.15</b></u>	<u>(\$0.13)</u>

Details of dividends payable to equity shareholders of the Company attributable to the year are set out in note 9(a).

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

**For the year ended 31 March 2022**

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	<b>2022</b>	2021
		<b>\$'000</b>	<b>\$'000</b>
<b>Profit/(loss) for the year</b>		<b>30,274</b>	<b>(28,651)</b>
<b>Other comprehensive income for the year (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>753</u>	<u>(383)</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>4,196</b>	6,123
- share of joint ventures' net assets		<u>18,625</u>	<u>35,556</u>
		<b>22,821</b>	41,679
Release of exchange reserve upon deregistration of a subsidiary		<b>283</b>	-
Release of exchange reserve upon disposal of subsidiaries		<u>427</u>	<u>-</u>
Other comprehensive income for the year		<u>24,284</u>	41,296
<b>Total comprehensive income for the year</b>		<b><u>54,558</u></b>	<b><u>12,645</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>54,953</b>	13,475
Non-controlling interests		<u>(395)</u>	<u>(830)</u>
<b>Total comprehensive income for the year</b>		<b><u>54,558</u></b>	<b><u>12,645</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2022

(Expressed in Hong Kong dollars)

	Note	2022 \$'000	2021 \$'000
<b>Non-current assets</b>			
Investment properties	11	238,805	233,718
Other property, plant and equipment		45,063	46,821
Interest in leasehold land held for own use		1,185	1,196
		<u>285,053</u>	<u>281,735</u>
Intangible assets		2,700	2,795
Interests in joint ventures		590,493	527,699
Other financial assets		20,209	19,541
Prepayments for other property, plant and equipment		-	3,993
		<u>898,455</u>	<u>835,763</u>
<b>Current assets</b>			
Inventories		33,745	22,140
Trade and other receivables	12	113,643	101,076
Current tax recoverable		1,031	1,500
Cash at bank and in hand		235,472	266,085
Assets held for sale	13	14,972	-
		<u>398,863</u>	<u>390,801</u>
<b>Current liabilities</b>			
Trade and other payables	14	54,015	50,611
Contract liabilities		7,290	6,762
Lease liabilities		454	1,920
Current tax payable		14,247	12,715
Provision for employee benefits		8,286	2,710
Liabilities directly associated with assets held for sale	13	9,175	-
		<u>93,467</u>	<u>74,718</u>
<b>Net current assets</b>		<u>305,396</u>	<u>316,083</u>
<b>Total assets less current liabilities</b>		<u>1,203,851</u>	<u>1,151,846</u>
<b>Non-current liabilities</b>			
Provision for employee benefits		18,548	18,619
Lease liabilities		81	5,178
Deferred tax liabilities		15,228	14,666
		<u>33,857</u>	<u>38,463</u>
<b>NET ASSETS</b>		<u>1,169,994</u>	<u>1,113,383</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		208,418	208,418
Reserves		961,576	906,623
<b>Total equity attributable to equity shareholders of the Company</b>		<u>1,169,994</u>	<u>1,115,041</u>
<b>Non-controlling interests</b>		-	(1,658)
<b>TOTAL EQUITY</b>		<u>1,169,994</u>	<u>1,113,383</u>

NOTES:

(Expressed in Hong Kong dollars)

**1. BASIS OF PREPARATION**

The financial information relating to the years ended 31 March 2022 and 2021 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 2021, 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 2022 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 2021 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 2021. 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 2022 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, investments in equity securities and derivative financial instruments are stated at their fair values.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2022 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 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**

The Group has applied the following amendment to HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, *Interest Rate Benchmark Reform – Phase 2*
- Amendments to HKFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

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. 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:

	2022	2021
	\$'000	\$'000
<b>Under the scope of HKFRS 15,</b>		
<i>Revenue from contracts with customers:</i>		
- Manufacture and sale of garments	362,881	371,696
- Manufacture and sale of textiles	11,368	5,288
- Processing service income	10,139	37,759
	<u>384,388</u>	<u>414,743</u>
<b>Under the scope of HKFRS 16, Leases:</b>		
Gross rentals from investments properties	<u>6,058</u>	<u>5,732</u>
	<u><b>390,446</b></u>	<u><b>420,475</b></u>

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

The Group's customer base is diversified. For the year ended 31 March 2022, revenues of approximately \$70,483,000 and \$60,205,000 (2021: \$78,557,000 and \$53,848,000) are derived from two (2021: two) external customers with whom transactions have 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, 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, depreciation and amortisation. 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 2022 and 2021 is set out below:

	Manufacture and sale of garments and textiles		Interests in joint ventures		Property leasing		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue from external customers	384,388	414,743	-	-	6,058	5,732	390,446	420,475
Inter-segment revenue	-	-	-	-	1,088	1,088	1,088	1,088
<b>Reportable segment revenue</b>	<b>384,388</b>	<b>414,743</b>	<b>-</b>	<b>-</b>	<b>7,146</b>	<b>6,820</b>	<b>391,534</b>	<b>421,563</b>
<b>Reportable segment profit/(loss) (adjusted EBITDA)</b>	<b>(11,831)</b>	<b>(28,072)</b>	<b>43,788</b>	<b>6,433</b>	<b>6,812</b>	<b>6,505</b>	<b>38,769</b>	<b>(15,134)</b>
Interest income	325	1,049	-	-	-	-	325	1,049
Finance costs	(3,108)	(3,594)	-	-	-	-	(3,108)	(3,594)
Depreciation and amortisation	(4,931)	(5,427)	-	-	-	-	(4,931)	(5,427)
Impairment losses on other property, plant and equipment	-	(11,063)	-	-	-	-	-	(11,063)
Reversal of impairment losses/ (impairment losses) on trade receivables	567	(8,234)	-	-	-	-	567	(8,234)
Release of lease liabilities upon early termination of leases	1,508	8,269	-	-	-	-	1,508	8,269
<b>Reportable segment assets</b>	<b>443,561</b>	<b>435,732</b>	<b>590,493</b>	<b>527,699</b>	<b>312,436</b>	<b>305,127</b>	<b>1,346,490</b>	<b>1,268,558</b>
Additions to non-current segment assets during the year	17,176	3,295	-	-	-	-	17,176	3,295
<b>Reportable segment liabilities</b>	<b>97,394</b>	<b>82,536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97,394</b>	<b>82,536</b>

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

	2022	2021
	\$'000	\$'000
<b>Revenue</b>		
Reportable segment revenue	391,534	421,563
Elimination of inter-segment revenue	<u>(1,088)</u>	<u>(1,088)</u>
Consolidated revenue	<u><b>390,446</b></u>	<u><b>420,475</b></u>
<b>Profit/(loss)</b>		
Reportable segment profit/(loss) derived from the Group's external customers (adjusted EBITDA)	38,769	(15,134)
Finance costs	(3,108)	(3,594)
Interest income	325	1,049
Depreciation and amortisation	(4,931)	(5,427)
Impairment losses on other property, plant and equipment	-	(11,063)
Net valuation gains on investment properties	4,048	1,727
Release of lease liabilities upon early termination of leases	1,508	8,269
Net gain on disposal of subsidiaries	640	-
Unallocated head office and corporate expenses	<u>(5,587)</u>	<u>(4,781)</u>
Consolidated profit/(loss) before taxation	<u><b>31,664</b></u>	<u><b>(28,954)</b></u>
<b>Assets</b>		
Reportable segment assets	1,346,490	1,268,558
Elimination of inter-segment assets	<u>(73,632)</u>	<u>(71,409)</u>
	1,272,858	1,197,149
Intangible assets	2,700	2,795
Other financial assets	20,209	19,541
Current tax recoverable	1,031	1,500
Unallocated head office and corporate assets	<u>520</u>	<u>5,579</u>
Consolidated total assets	<u><b>1,297,318</b></u>	<u><b>1,226,564</b></u>
<b>Liabilities</b>		
Reportable segment liabilities	97,394	82,536
Current tax payable	14,247	12,715
Deferred tax liabilities	15,228	14,666
Unallocated head office and corporate liabilities	<u>455</u>	<u>3,264</u>
Consolidated total liabilities	<u><b>127,324</b></u>	<u><b>113,181</b></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, interest in leasehold land held for own use, intangible assets and 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Hong Kong (place of domicile)	17,974	33,153	245,962	244,406
Europe				
- United Kingdom	72,383	62,522	-	-
- Italy	71,882	91,030	-	-
- Spain	35,265	39,365	-	-
- Germany	80,116	80,145	-	-
- Other European countries	12,588	12,876	-	-
Mainland China	6,437	21,298	630,629	566,993
North America				
- United States	41,387	34,243	-	-
- Canada	1,385	3,412	-	-
Others	51,029	42,431	1,655	830
	372,472	387,322	632,284	567,823
	390,446	420,475	878,246	812,229

5. **OTHER INCOME**

	2022 \$'000	2021 \$'000
Interest income	325	1,049
Scrap income	619	1,765
Net gain on forward foreign exchange contracts	534	162
Net exchange loss	(478)	(4,948)
Release of lease liabilities upon early termination of leases	1,508	8,269
Government grants	245	820
Management fee income	780	804
Write-off of aged payables	-	5
Dividend income from equity securities	494	500
Net gain on disposals of other property, plant and equipment	466	1,193
Net claim income/(expenses)	933	(1,359)
Net gain on disposal of subsidiaries	640	-
Sundry income	3,053	3,469
	9,119	11,729

## 6. PROFIT/(LOSS) BEFORE TAXATION

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

	2022	2021
	\$'000	\$'000
<b>(a) Finance costs:</b>		
Interest on bank advances (including bank charges)	1,803	2,428
Interest on lease liabilities	1,305	1,166
	<u>3,108</u>	<u>3,594</u>
<b>(b) Staff costs:</b>		
In 2021, the Group received Government subsidies of HK\$8,026,000, being the wage subsidies under the Employment Support Scheme. The said amount has recognised as a deduction of the staff costs included in cost of sales, selling and distribution expenses and administrative expenses during the year ended 31 March 2021.		
<b>(c) Other operating expenses:</b>		
(Reversal of impairment losses)/impairment losses on trade receivables	(567)	8,234
Auditors' remuneration		
- audit services	1,444	1,522
- other services	485	501
Security fee	2,038	1,654
Insurance	1,595	1,500
Consultancy fee	880	851
Repair and maintenance fee	920	890
Other taxes and surcharges	1,703	1,085
Legal and professional fee	2,222	320
Motor vehicle expenses	609	854
Membership fee	451	536
Business and other registration fees	398	379
Amortisation of intangible assets	95	95
Donation	11	20
Written off of other receivables	186	-
Sundry expenses	1,666	1,343
	<u>14,136</u>	<u>19,784</u>
<b>(d) Other items:</b>		
Cost of inventories	329,819	349,117
Depreciation charges		
- owned property, plant and equipment	993	1,382
- right-of-use assets	3,843	3,950

## 7. IMPAIRMENT LOSSES

During the year ended 31 March 2021, a subsidiary of the Company engaged in garment manufacturing in Myanmar which constituted a single cash generating unit ("CGU") of the Group.

This subsidiary recorded operating losses which indicated the other property, plant and equipment belong to this subsidiary might has been impaired. As such, the Group assessed the recoverable amount of the other property, plant and equipment of the subsidiary as at 31 March 2021. As a result, the carrying amount of the other property, plant and equipment of the subsidiary was fully written down. Accordingly, an impairment loss of \$11,063,000 was recognised in profit or loss for the year ended 31 March 2021. The estimate of recoverable amount was based on value-in-use calculation which adopted a discount rate of 22.0%. The discount rate used was pre-tax and reflect specific risks relating to the subsidiary.

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

## 8. INCOME TAX EXPENSES/(CREDIT)

Income tax expenses/(credit) in the consolidated statement of profit or loss represents:

	2022 \$'000	2021 \$'000
<b>Current tax – Hong Kong Profits Tax</b>		
(Over)/under-provision in respect of prior years	(16)	86
<b>Current tax – Overseas</b>		
Provision for the year	1,251	1,744
<b>Deferred tax</b>		
Origination and reversal of temporary differences	155	(2,133)
Income tax expenses/(credit)	<u>1,390</u>	<u>(303)</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 March 2022 and 2021 as the Company and its Hong Kong subsidiaries sustained losses for taxation purpose during the year.

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

## 9. DIVIDENDS

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

	2022 \$'000	2021 \$'000
Final dividend proposed after the end of the reporting period of \$0.02 (2021: \$nil) per ordinary share	<u>4,135</u>	<u>-</u>

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

	2022 \$'000	2021 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year of \$nil (2021: \$nil) per ordinary share	<u>-</u>	<u>-</u>

## 10 EARNINGS/(LOSS) PER SHARE

### (a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of \$30,665,000 (2021: loss of \$27,822,000) and the weighted average number of 206,748,000 (2021: 206,748,000) ordinary shares in issue during the year.

### (b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2022 and 2021.

## 11. INVESTMENT PROPERTIES

During the year ended 31 March 2022, the Group recognised net valuation gains of approximately \$4,048,000 (2021: \$1,727,000) on its investment properties.

## 12. TRADE AND OTHER RECEIVABLES

	2022 \$'000	2021 \$'000
Trade debtors	70,052	65,855
Bills receivable	40,596	35,718
Less: loss allowance	<u>(10,080)</u>	<u>(11,216)</u>
	100,568	90,357
Deposits, prepayments and other debtors	12,416	10,373
Amounts due from related companies	125	184
Derivative financial instruments	<u>534</u>	<u>162</u>
	<u>113,643</u>	<u>101,076</u>

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 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 loss allowance, is as follows:

	2022 \$'000	2021 \$'000
Within 1 month	40,720	29,294
Over 1 month but within 2 months	24,864	23,562
Over 2 months but within 3 months	15,299	25,924
Over 3 months but within 4 months	12,787	8,153
Over 4 months	<u>6,898</u>	<u>3,424</u>
	<u>100,568</u>	<u>90,357</u>

Trade debtors and bills receivable are due between 0 to 180 days (2021: 0 to 180 days) from the date of billing.

## 13. DISPOSAL GROUP HELD FOR SALE

In March 2022, management committed to a plan to sell part of a manufacturing facility in Bangladesh within the manufacture and sales of garments and textiles segment. Accordingly, part of that facility is presented as a disposal group held for sale. The sale is expected to be completed by July 2022.

## 14. TRADE AND OTHER PAYABLES

	2022 \$'000	2021 \$'000
Trade creditors	24,932	21,334
Bills payable	<u>776</u>	<u>-</u>
	25,708	21,334
Accrued charges and other creditors	28,108	29,086
Amounts due to related companies	186	178
Amounts due to joint ventures	<u>13</u>	<u>13</u>
	<u>54,015</u>	<u>50,611</u>

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 joint ventures are unsecured, interest-free and repayable 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 creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2022	2021
	\$'000	\$'000
Within 1 month	15,919	11,396
Over 1 month but within 2 months	6,912	5,847
Over 2 months but within 3 months	549	1,615
Over 3 months	2,328	2,476
	<u>25,708</u>	<u>21,334</u>

## DIVIDENDS

The Board resolved to recommend the payment of a final dividend of HK2 cents (2021: HK0 cent) per ordinary share in respect of the year ended 31 March 2022 at the forthcoming annual general meeting of the Company to be held on 23 September 2022. The aggregate final dividend amounting to HK\$4,135,000 (2021: HK\$nil), if approved by the shareholders, is expected to be paid on or around 17 October 2022.

## 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 20 September 2022 to 23 September 2022 (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 Monday, 19 September 2022.

The register of members of the Company will also be closed from 30 September 2022 to 6 October 2022 (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 17 October 2022 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 Thursday, 29 September 2022.

## BUSINESS REVIEW AND PROSPECTS

Revenue of the Group for the current year of 2021/22 was HK\$390,446,000 (2020/21: HK\$420,475,000) and the overall result was a profit of HK\$30,274,000 (2020/21: a loss of HK\$28,651,000).

Although our revenue of the year under review was 7% less than the previous year and our core garment business incurred a loss from operations, the Group's overall result was positive due mainly to the favorable results of our Wuxi investment.

Through tight control of our selling and operating expenses, our core garment business though recorded a loss from operations of HK\$13,064,000 was 42% better than the previous year's loss of HK\$22,457,000. The Covid-19 pandemic and the disruptions caused by it continued to be the main reason for the slack of business. On the manufacturing side, our factory in China recorded positive results for the year under review due mainly to the relatively stable manufacturing environment there that attracted buyers to place their orders there. Our manufacturing plants in Myanmar and Bangladesh unfortunately incurred losses. As the pandemic and the problems brought about by it had great impact on our operations in both countries, the management decided to withdraw our investments from them and would keep them as our manufacturing sources.

Our Wuxi investment was profitable in the year under review due mainly to the favorable cotton and yarn prices and timely changes of product mix to cope with the market demands. The Ethiopia factory's performance though not up to expectation had not deteriorated further.

## **OUTLOOK**

The Covid-19 pandemic shows no sign of easing, the Russia-Ukraine war is still raging, the prevailing U.S.-China trade war, the soaring inflation rates, the high logistic costs and energy shortage etc. are some of the many adverse factors that affect our business, we do not expect the trading environment would be greatly improved in the coming year. However, with the opening up of the U.S. and European markets, we hope our core garment business could pick up gradually. On the other hand, we do not expect our Wuxi investment's performance for the coming year would be as good as this year due to the problems mentioned above as well as the reduced gross profit margins from rise in cotton prices.

## **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. In addition to our fully owned factory in China (Panyu), we are also working with many factories in partnership in Myanmar, Bangladesh, Vietnam, Indonesia and Cambodia serving the needs of our customers worldwide. We also have offices in Hangzhou China and Bangladesh, which not only provide supports to our own factories, but also monitor and collaborate with our subcontractors and business partners around the area.

Our core garment business was full of challenges for the year under review. Despite a 7% decrease of the revenue, we were able to reduce the loss from operations by 42% less than last year through reducing our selling and operating expenses. The Covid-19 variants pandemic, energy shortage, deficient logistics services and the US-China trade war that affected us in the year under review would unfortunately continue to affect our business in the coming year. The raging Russia-Ukraine war further complicates the situation. Although some of our clients have shown signs of improvement, many others are still pessimistic and cautious with their buying.

Our China factory is operating under the name of Exquisite Knitters (Guangzhou) Limited. For the year under review, it recorded positive results. The stable manufacturing environment in China comparing to the neighboring countries under the Covid-19 pandemic helped to attract buyers to place their orders there, and with the management's better planning and strict control on over time expenses, profits were recorded. As for the coming year, the management is cautious of its performance due to the fact that all the adverse factors mentioned earlier show no sign of receding, and this would affect the orders situation.

Due to the political instability and the Covid-19 pandemic, our operations in Myanmar had been very difficult and losses were incurred. To curb losses, the management decided to withdraw our investment in this operation and to maintain it as a manufacturing source. Likewise for our operation in Bangladesh. The pandemic had hard hit our operation in Bangladesh. The completion date of the new factory kept on delaying and the tight control of travelling caused tremendous difficulties in managing our operation there. The negative results prompted the management to consider the viability of this operation. In view of the deteriorating situation, the management decided to withdraw our investment too.

## **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 Group ended the financial year 2021/22 with a profit attributable to the favorable price movements in cotton and yarn, swift changes in product mix in response to shifts in market demands and the Ethiopia factory though remained under-performing was not deteriorating further. Due to the adverse factors mentioned earlier, the coming year is expected to see domestic and overseas demand weakening. Increase in labor and energy costs, plus possible reduction in gross margins, the Group is pessimistic of the coming year's results.

## **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 2022, the cash and bank balances of the Group were approximately HK\$235,472,000 (2021: HK\$266,085,000). As at 31 March 2022 and 2021, 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 31 March 2022, the Group has forward foreign exchange contracts hedging forecast transactions with net fair value of HK\$534,000 (assets) (2021: HK\$162,000 (assets)), recognised as derivative financial instruments.

## **PLEDGE OF ASSETS**

As at 31 March 2022, none of the assets of the Group was pledged.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31 March 2022, the Group, including its subsidiaries but excluding its joint ventures, employed approximately 1,700 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 2022.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied throughout the year ended 31 March 2022 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 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 2022.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the shareholders of the Company will be held on Friday, 23 September 2022 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](http://www.hkexnews.hk) and the website of the Company at [www.ygm.com.hk](http://www.ygm.com.hk) under "Results Announcement". The annual report for the year ended 31 March 2022 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, 29 June 2022

*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 Madam Chan Suk Ling, Shirley and three independent non-executive directors, namely Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.*