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YANGTZEKIANG GARMENT LIMITED

長江製衣有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00294)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010

The Board of Directors of Yangtzekiang Garment Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interests in associate and jointly controlled entities for the year ended 31 March 2010 together with comparative figures for the corresponding period and selected explanatory notes as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2010

(Expressed in Hong Kong dollars)

	<i>Note</i>	2010 \$'000	2009 \$'000
Turnover	3&4	1,310,042	1,625,529
Cost of sales		<u>(1,096,120)</u>	<u>(1,323,270)</u>
Gross profit		213,922	302,259
Other revenue		4,653	7,368
Other net income/(loss)		11,115	(9,872)
Selling and distribution expenses		(101,954)	(128,395)
Administrative expenses		(84,041)	(91,678)
Other operating expenses		<u>(22,992)</u>	<u>(31,013)</u>
Profit from operations		20,703	48,669
Finance costs	5(a)	(5,634)	(9,238)
Share of profits less losses of associates		1,306	1,151
Share of profits less losses of jointly controlled entities		34,237	38,193
Gain on disposal of associate		-	4,684
Impairment losses on interest in associate and dividend receivable from associate		(7,914)	-
Impairment loss on fixed assets		(21,014)	-
Gain on disposals of land and buildings and investment properties	6	81,133	-
Net valuation gains/(losses) on investment properties		<u>20,915</u>	<u>(7,845)</u>
Profit before taxation	5	123,732	75,614
Income tax	7	<u>(20,086)</u>	<u>(3,447)</u>
Profit for the year		<u>103,646</u>	<u>72,167</u>
Attributable to:			
Equity shareholders of the Company		103,479	71,877
Minority interests		<u>167</u>	<u>290</u>
Profit for the year		<u>103,646</u>	<u>72,167</u>
Earnings per share			
Basic and diluted	9	<u>\$0.49</u>	<u>\$0.34</u>

Details of dividend payable to equity shareholders of the Company attributable to the profit for the year are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2010
(Expressed in Hong Kong dollars)

	2010	2009
	<i>\$'000</i>	<i>\$'000</i>
Profit for the year	103,646	72,167
Other comprehensive income for the year (after reclassification adjustments)		
Exchange differences:		
- translation of financial statements of subsidiaries outside Hong Kong	413	5,011
- share of associates' and jointly controlled entities' exchange reserves	1,694	9,129
- accumulated exchange differences in respect of an associate transferred to the consolidated income statement on disposal	-	(310)
	<u>2,107</u>	<u>13,830</u>
Available-for-sale securities: net movement in the investment revaluation reserve	<u>101</u>	<u>(358)</u>
	<u>2,208</u>	<u>13,472</u>
Total comprehensive income for the year	<u>105,854</u>	<u>85,639</u>
Attributable to:		
Equity shareholders of the Company	105,687	85,349
Minority interests	<u>167</u>	<u>290</u>
Total comprehensive income for the year	<u>105,854</u>	<u>85,639</u>

Note:

There is no tax expense or benefit in relation to other comprehensive income in either the current or the prior year.

CONSOLIDATED BALANCE SHEET
At 31 March 2010
(Expressed in Hong Kong dollars)

		2010		2009	
	<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>	<i>\$'000</i>
Non-current assets					
Fixed assets					
Investment properties		83,711		93,028	
Other property, plant and equipment		104,529		154,006	
Interest in leasehold land held for own-use under operating lease		1,747	189,987	<u>2,103</u>	249,137
Construction in progress			-		609
Intangible assets			1,569		2,874
Goodwill			-		-
Interest in associate			-		6,586
Interests in jointly controlled entities			513,133		477,224
Other financial assets			5,820		5,986
Dividend receivable from a jointly controlled entity			-		28,678
Deferred tax assets			17,301		<u>7,765</u>
			727,810		<u>778,859</u>
Current assets					
Inventories		90,416		147,698	
Trade and other receivables	<i>10</i>	197,939		175,813	
Current tax recoverable		2,311		242	
Pledged deposits		-		9,070	
Cash and cash equivalents		184,770		<u>116,153</u>	
		<u>475,436</u>		<u>448,976</u>	
Current liabilities					
Trade and other payables	<i>11</i>	164,821		201,224	
Bank loans		-		84,420	
Current tax payable		17,131		<u>8,805</u>	
		<u>181,952</u>		<u>294,449</u>	
Net current assets			293,484		<u>154,527</u>
Total assets less current liabilities			1,021,294		933,386
Non-current liabilities					
Provision for long service payments		24,754		33,335	
Deferred tax liabilities		26,788	51,542	<u>15,432</u>	<u>48,767</u>
NET ASSETS			969,752		<u>884,619</u>
CAPITAL AND RESERVES					
Share capital			105,184		105,184
Reserves			863,341		<u>778,375</u>
Total equity attributable to equity shareholders of the Company			968,525		883,559
Minority interests			1,227		<u>1,060</u>
TOTAL EQUITY			969,752		<u>884,619</u>

NOTES:

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

This announcement does not comprise the consolidated financial statements for the year ended 31 March 2010 but the information herein has been extracted from the draft consolidated financial statements of the Group for the year ended 31 March 2010.

The consolidated financial statements of the Group for the year ended 31 March 2010 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 disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. In addition, this announcement has been reviewed by the Company’s audit committee.

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

The figures in respect of the preliminary announcement of the Group’s results for the year ended 31 March 2010 have been compared by the Company’s auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft financial statements for the year ended 31 March 2010 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 HKICPA has issued one new HKFRS, a number of amendments to HKFRSs and new Interpretations that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- HKFRS 8, *Operating segments*
- HKAS 1 (revised 2007), *Presentation of financial statements*
- Amendments to HKFRS 7, *Financial instruments: Disclosures – improving disclosures above financial instruments*
- Improvements to HKFRSs (2008)
- Amendments to HKAS 27, *Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate*
- HKAS 23 (revised 2007), *Borrowing costs*

The “Improvements to HKFRSs (2008)”, which comprise a number of minor and non-urgent amendments to a range of HKFRSs which the HKICPA has issued as an omnibus batch of amendments, and the amendment to HKAS 23 has had no material impact on the Group’s financial statements as the amendments and Interpretations were consistent with policies already adopted by the Group. The impact of the remainder of these developments is as follows:

- HKFRS 8 requires segment disclosure to be based on the way that the Group’s chief operating decision maker regards and manages the Group, with the amounts reported for each reportable segment being the measures reported to the Group’s chief operating decision maker for the purposes of assessing segment performance and making decisions about operating matters. This contrasts with the presentation of segment information in prior years which was based on a disaggregation of the Group’s financial statements into segments based on related products and services and on geographical areas. The adoption of HKFRS 8 has resulted in the presentation of segment information in a manner that is more consistent with internal reporting provided to the Group’s most senior executive management, but has not resulted in additional reportable segments being identified and presented (see note 4). Corresponding amounts have also been provided on a basis consistent with the revised segment information.

- As a result of the adoption of HKAS 1 (revised 2007), details of changes in equity during the period arising from transactions with equity shareholders in their capacity as such have been presented separately from all other income and expenses in a revised consolidated statement of changes in equity. All other items of income and expense are presented in the consolidated income statement, if they are recognised as part of profit or loss for the period, or otherwise in a new primary statement, the consolidated statement of comprehensive income. Corresponding amounts have been restated to conform to the new presentation. This change in presentation has no effect on reported profit or loss, total income and expense or net assets for any period presented.
- As a result of the adoption of the amendments to HKFRS 7, the financial statements include expanded disclosures about the fair value measurement of the Group's financial instruments, categorising these fair value measurements into a three-level fair value hierarchy according to the extent to which they are based on observable market data. The Group has taken advantage of the transitional provisions set out in the amendments to HKFRS 7, under which comparative information for the newly required disclosures about the fair value measurements of financial instruments has not been provided.
- The amendments to HKAS 27 have removed the requirement that dividends out of pre-acquisition profits should be recognised as a reduction in the carrying amount of the investment in the investee, rather than as income. As a result, as from 1 April 2009, all dividends receivable from subsidiaries, associates and jointly controlled entities, whether out of pre- or post-acquisition profits, will be recognised in the Company's income statement and the carrying amount of the investment in the investee will not be reduced unless that carrying amount is assessed to be impaired as a result of the investee declaring the dividend. In such cases, in addition to recognising dividend income in the income statement, the Company would recognise an impairment loss. In accordance with the transitional provisions in the amendment, this new policy will be applied prospectively to any dividends receivable in the current or future periods and previous periods have not been restated.

3. TURNOVER

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

Turnover represents the sales value of goods supplied to customers, fee income from processing services and rental income from customers (including associates) and is analysed as follows:

	2010	2009
	\$'000	\$'000
Manufacture and sale of garments	1,276,747	1,585,676
Manufacture and sale of textiles	17,031	15,592
Processing services income	10,997	16,675
Property rental income	5,267	7,586
	<u>1,310,042</u>	<u>1,625,529</u>

The Group's customer base is diversified and includes only one customer with whom transactions have exceeded 10% of the Group's turnover. For the year ended 31 March 2010, revenue from sales of garments to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately \$196,712,000 (2009: \$254,310,000).

4. SEGMENT REPORTING

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

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

(a) Segment results, assets and liabilities

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

Manufacture and sale of garments and textiles and property leasing segments

Segment assets include all assets with the exception of intangible assets, interest in 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 is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation 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 jointly controlled entities

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

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2010 and 2009 is set out below.

	Manufacture and sale of garments and textiles		Interests in jointly controlled entities		Property leasing		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	1,304,775	1,617,943	-	-	5,267	7,586	1,310,042	1,625,529
Inter-segment revenue	-	-	-	-	3,743	3,985	3,743	3,985
Reportable segment revenue	1,304,775	1,617,943	-	-	9,010	11,571	1,313,785	1,629,514
Reportable segment profit (adjusted EBITDA)	31,373	76,222	34,237	38,193	6,713	8,149	72,323	122,564
Interest income	1,041	1,192	-	-	-	-	1,041	1,192
Finance costs	(5,634)	(9,238)	-	-	-	-	(5,634)	(9,238)
Depreciation and amortisation	(24,565)	(25,424)	-	-	-	-	(24,565)	(25,424)
Impairment loss on fixed assets	(21,014)	-	-	-	-	-	(21,014)	-
Reportable segment assets (including interest in associate)	578,415	632,073	513,133	477,224	83,711	93,028	1,175,259	1,202,325
Additions to non-current segment assets during the year	4,155	17,407	-	-	-	-	4,155	17,407
Reportable segment liabilities	185,774	314,555	-	-	206	1,042	185,980	315,597

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

	2010	2009
	<i>\$'000</i>	<i>\$'000</i>
<i>Revenue</i>		
Reportable segment revenue	1,313,785	1,629,514
Elimination of inter-segment revenue	(3,743)	(3,985)
Consolidated turnover	1,310,042	1,625,529
	2010	2009
	<i>\$'000</i>	<i>\$'000</i>
<i>Profit</i>		
Reportable segment profit derived from Group's external customers (adjusted EBITDA)	72,323	122,564
Finance costs	(5,634)	(9,238)
Share of profits less losses of associates	1,306	1,151
Gain on disposal of associate	-	4,684
Impairment losses on interest in associate and dividend receivable from associate	(7,914)	-
Impairment loss on fixed assets	(21,014)	-
Gain on disposals of land and buildings and investment properties	81,133	-
Net valuation gains/(losses) on investment properties	20,915	(7,845)
Other revenue and net income/(loss)	15,768	(2,504)
Depreciation and amortisation	(24,565)	(25,424)
Unallocated head office and corporate expenses	(8,586)	(7,774)
Consolidated profit before taxation	123,732	75,614
	2010	2009
	<i>\$'000</i>	<i>\$'000</i>
<i>Assets</i>		
Reportable segment assets	1,175,259	1,202,325
Intangible assets	1,569	2,874
Interest in associate	-	6,586
Other financial assets	5,820	5,986
Deferred tax assets	17,301	7,765
Current tax recoverable	2,311	242
Unallocated head office and corporate assets	986	2,057
Consolidated total assets	1,203,246	1,227,835
	2010	2009
	<i>\$'000</i>	<i>\$'000</i>
<i>Liabilities</i>		
Reportable segment liabilities	185,980	315,597
Current tax payable	17,131	8,805
Deferred tax liabilities	26,788	15,432
Unallocated head office and corporate liabilities	3,595	3,382
Consolidated total liabilities	233,494	343,216

(c) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, intangible assets, goodwill and interests in associate and jointly controlled entities ("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 property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associate and jointly controlled entities.

	Revenues from external customers		Specified non-current assets	
	2010 \$'000	2009 \$'000	2010 \$'000	2009 \$'000
Hong Kong (place of domicile)	<u>119,540</u>	<u>107,724</u>	<u>94,346</u>	<u>80,259</u>
Europe				
- United Kingdom	296,514	386,335	-	-
- France	26,506	41,460	-	-
- Other European countries	425,194	501,208	-	-
Mainland China	187,692	226,565	608,775	615,307
North America	152,317	207,535	-	1,266
Others	102,279	154,702	1,568	39,598
	<u>1,190,502</u>	<u>1,517,805</u>	<u>610,343</u>	<u>656,171</u>
	<u>1,310,042</u>	<u>1,625,529</u>	<u>704,689</u>	<u>736,430</u>

5. **PROFIT BEFORE TAXATION**

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

	2010 \$'000	2009 \$'000
(a) Finance costs:		
Interest on bank loans wholly repayable within five years (including bank charges)	<u>5,634</u>	<u>9,238</u>
(b) Other items:		
Cost of inventories	1,096,120	1,323,270
Amortisation of land lease premium	70	70
Depreciation	24,495	25,354
Impairment loss on trade and other receivables	3,022	3,609
Impairment loss on dividends receivable	-	1,478
Auditors' remuneration	1,644	1,646
Operating lease charges:		
minimum lease payments - property rentals	7,253	6,899
Rentals receivable from investment properties less direct outgoings of \$1,750,000 (2009: \$2,081,000)	<u>(3,516)</u>	<u>(5,505)</u>

6. **GAIN ON DISPOSALS OF LAND AND BUILDINGS AND INVESTMENT PROPERTIES**

On 9 September 2009, the Company entered into an agreement with a third party to dispose of land and buildings and investment properties with total area of approximately 12,440 square meters situated in Macau for a total consideration of \$120,000,000. A profit on disposal of \$81,133,000 was recognised in the consolidated income statement for the year ended 31 March 2010 in respect of this disposal.

7. INCOME TAX

Income tax in the consolidated income statement represents:

	2010 \$'000	2009 \$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	5,927	12,179
Over-provision in respect of prior years	<u>(2,645)</u>	<u>(331)</u>
	----- 3,282	----- 11,848
Current tax – Outside Hong Kong		
Provision for the year	14,830	1,269
Over-provision in respect of prior years	<u>(189)</u>	<u>(1,573)</u>
	----- 14,641	----- (304)
Deferred tax		
Origination and reversal of temporary differences	<u>2,163</u>	<u>(8,097)</u>
	----- <u>20,086</u>	----- <u>3,447</u>

The provision for Hong Kong Profits Tax for 2010 is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the year.

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

Pursuant to the relevant laws and regulations of The People's Republic of China ("the PRC"), the Group's PRC subsidiaries are eligible for the exemption from income tax for two years starting from the first profitable year of operation and thereafter, a 50 percent relief from their applicable tax rate for the following three years ("the tax holiday"). Pursuant to the notice on the Implementation Rules of the Grandfathering Relief under the New Tax Law, Guofa (2007) No.39 issued on 26 December 2007 by the State Council, one of the PRC subsidiaries continue to enjoy the tax holiday under the grandfathering provision of the New Tax Law with the standard tax rate of 25% until December 2012.

8. DIVIDENDS

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

	2010 \$'000	2009 \$'000
Interim dividend declared and paid of \$0.01 (2009: \$0.01) per ordinary share	2,104	2,104
Final dividend proposed after the balance sheet date of \$0.06 (2009: \$0.09) per ordinary share	<u>12,622</u>	<u>18,933</u>
	----- <u>14,726</u>	----- <u>21,037</u>

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

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

	2010 \$'000	2009 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year of \$0.09 (2009: \$0.18) per ordinary share	<u>18,933</u>	<u>37,866</u>

9. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of \$103,479,000 (2009: \$71,877,000) and 210,369,000 (2009: 210,369,000) 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 2010 and 2009.

10. TRADE AND OTHER RECEIVABLES

	2010 \$'000	2009 \$'000
Trade debtors	101,936	105,137
Bills receivable	48,327	54,659
Less: allowance for doubtful debts	<u>(8,955)</u>	<u>(5,933)</u>
	141,308	153,863
Loans receivable	667	821
Deposits, prepayments and other debtors	22,821	16,434
Amounts due from related companies	3,020	2,119
Amounts due from jointly controlled entities	1,351	1,027
Dividend receivable from associate	-	1,549
Dividend receivable from a jointly controlled entity	<u>28,772</u>	<u>-</u>
	<u>197,939</u>	<u>175,813</u>

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

Included in trade and other receivables are trade debtors and bills receivable (net of allowance for doubtful debts) with the following ageing analysis as of the balance sheet date:

	2010 \$'000	2009 \$'000
Current	<u>115,949</u>	<u>126,748</u>
Less than 61 days past due	19,637	22,985
61 to 90 days past due	2,830	2,056
More than 90 days past due	<u>2,892</u>	<u>2,074</u>
Amounts past due	<u>25,359</u>	<u>27,115</u>
	<u>141,308</u>	<u>153,863</u>

Trade debtors and bills receivable are due between 30 to 90 days from the date of billing. Individual credit evaluations are performed on all customers requiring credit over a certain amount and for all new customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Normally, the Group does not obtain collateral from customers.

11. TRADE AND OTHER PAYABLES

	2010	2009
	\$'000	\$'000
Trade creditors	88,695	100,270
Bills payable	3,387	18,254
	<u>92,082</u>	<u>118,524</u>
Accrued charges and other creditors	70,077	76,311
Amounts due to related companies	427	4,591
Amounts due to jointly controlled entities	96	2
Amount due to a shareholder – Chan Family Investment Corporation Limited	2,139	1,796
	<u>164,821</u>	<u>201,224</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.

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

	2010	2009
	\$'000	\$'000
Current	65,987	85,843
Less than 61 days past due	21,078	28,383
61 to 90 days past due	3,488	1,971
More than 90 days past due	1,529	2,327
Amounts past due	26,095	32,681
	<u>92,082</u>	<u>118,524</u>

DIVIDENDS

The Board resolved to recommend the payment of a final dividend of 6 cents (2009: 9 cents) per share in respect of the year ended 31 March 2010 at the forthcoming Annual General Meeting of the Company to be held on 10 September 2010. The aggregate final dividend amounting to \$12,622,000 (2009: \$18,933,000), if approved by the shareholders, is expected to be paid on or around 14 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 3 September 2010 to 10 September 2010 (both days inclusive). In order to qualify for the final dividend, transfers must be lodged with the company share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Thursday, 2 September 2010.

BUSINESS REVIEW AND PROSPECTS

Despite the fact that both the Group's sales turnover and gross profit had dropped, the Company's profit had recorded an increase of 44% to \$103,646,000 as compared with last year's \$72,167,000. The main reasons for the increase were due to:-

1. a substantial gain from the sale of our property in Macau; and
2. a gain from the revaluation of our investment properties.

Overall garment business to Europe, our major market, suffered because of its weak economy caused by the recent financial crisis.

Our manufacturing business in Panyu, the PRC, encountered a difficult year especially in the dyeing and finishing sectors due to a hike in energy prices and fierce competition from small plants that swarmed into the mercerized market which has always been our specialty. Increase of yarn prices, shortage of sewing workers, the seasonality of orders and the continuous appreciation of Renminbi also contributed to the poor performance of our manufacturing business as a whole. The domestic business in the PRC did not live up to its expectation mainly due to shipment delays which was a direct result of labour shortage.

Result of our investments in Wuxi No. 1 Cotton Investment Co., Ltd. and its subsidiaries (the "Wuxi Group") at Wuxi, the PRC, was better than expected as yarn prices and business improved.

OUTLOOK

Overall, the directors expect the coming year to be a challenging one.

Shortage of sewing workers in the PRC, increase of raw material prices and the rise of manufacturing costs make it even more difficult to improve our business. However for the first time in many years, most customers understood this cost structure and accepted our price increases. However this could not benefit our profit as it was barely enough to compensate our increased costs. As for our Panyu operation, through the closure of one of its manufacturing plants, the restructure of our dyeing and finishing plants, the reduction of our overhead expenses and with the improvement of its domestic business in the PRC, management is confident that the manufacturing business will be improved in the coming year. The weak Euro and Pound Sterling, however, is expected to further decrease our profit margin in the coming year.

On the positive side, business and profit from our Wuxi textile investment in the coming year are expected to improve further.

GARMENT BUSINESS

We operate our textiles and garment business under the names of Yangtzekiang Garment Ltd. and Hong Kong Knitters Ltd. Our products include men's and women's shirts, trousers, shorts, polo shirts, t-shirts, jackets and knitted outerwear. The office in Hong Kong is the headquarters for our whole group where we concentrate on the role of garment trading, sourcing and the overall control of our own production facilities in the PRC as well as monitoring the subcontractors in the PRC, Bangladesh, India, Cambodia, Myanmar and Vietnam. We also have sales offices in the PRC at Panyu and Shanghai which oversee our domestic sales in the regions.

Our wholly owned production facilities in the PRC are all located in Panyu. They are Exquisite Knitters (Guangzhou) Ltd. ("EQK") and Whampo Garment Mfg. (Guangzhou) Co., Ltd. ("WGM"). Our setup is a vertical one from knitting, dyeing and finishing of fabrics to the manufacturing and wholesaling of garments. Both EQK and WGM are compliant factories manufacturing mainly high end garments. 2009/10 had been a very difficult year for both factories - the increase of energy costs and yarn prices, the shortage of sewing workers at our peak delivery season, the seasonality of orders and the continuous appreciation of Renminbi had all added up to the already difficult situation. To alleviate the problems, management closed down one of its manufacturing plants, implemented a complete restructure of its dyeing and finishing operations and cut down the overhead expenses. Through these remedial measures, management is confident that the situation at both factories will improve in the coming year. Our domestic business in the PRC was also hit by the sudden shortage of sewing workers that caused late deliveries and hampered their profits.

Our small shirt factory - Lavender Garment Ltd. in Bangladesh continued to record a slight profit despite the harsh business environment. This factory's main role is to oversee all the production at our partnership factories in Bangladesh and at the same time to provide contingent support to these factories as well as our customers.

OTHER BUSINESS

Wuxi No. 1 Cotton Investment Co., Ltd. in which we have a 49% shareholding is our jointly controlled entity that owns several textiles related companies in Wuxi, the PRC namely: Wuxi Changxin Textile Co., Ltd., Wuxi YGM Textile Co., Ltd. and Wuxi Yangtzekiang Textile Co., Ltd.. The core business of the Wuxi Group is the production of medium range to high end yarns. The operation had recorded an increase of profits due to the rise of yarn prices and business, and we expect the results will improve even further in the coming year.

LIQUIDITY AND FINANCIAL POSITION

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

As at 31 March 2010, the cash and bank balances of the Group were approximately \$184,770,000 (2009: \$116,153,000). As at 31 March 2010, the Group did not have any short term borrowings (2009: \$84,420,000) and long term borrowings (2009: Nil). The gearing ratio (calculated by dividing total bank borrowings by total equity) of the Group was 0.10 as at 31 March 2009. As at 31 March 2010, the Group was in compliance with the financial covenant of its banking facilities.

The Group adopts a prudent policy to hedge the fluctuation of foreign exchange rates. As most of the Group's sales, purchases, cash and bank balances and bank borrowings are denominated in Hong Kong dollar, United States dollar, Euro, Pound Sterling or Renminbi, the Group may enter into forward foreign exchange contracts to hedge its receivables and payables denominated in the above foreign currencies against the exchange rate fluctuation when the exposure is significant. As at 31 March 2010, the Group has no outstanding foreign exchange contracts.

PLEDGE OF ASSETS

As at 31 March 2010, none of the assets of the Group was pledged.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2010, the Group, including its subsidiaries but excluding its associates and jointly controlled entities, employed approximately of 4,600 employees. Remuneration packages are determined by reference to employees' performance and the prevailing salary levels in the market. In addition, the Group provides year end double pay, provident fund scheme, medical insurance and training to staff.

SHARE OPTION SCHEME

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

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

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the year ended 31 March 2010.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 March 2010 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's Annual General Meetings in accordance with the Company's articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group of the year ended 31 March 2010.

ANNUAL GENERAL MEETING

The Annual General Meeting of the shareholders of the Company will be held at 12:00 noon on Friday, 10 September 2010 at Yau Yat Chuen Garden City Club, 7 Cassia Road, Yau Yat Chuen, Kowloon, Hong Kong 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 2010 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board
Chan Sui Kau
Chairman

Hong Kong, 16 July 2010

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