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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)

#### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30TH SEPTEMBER, 2009

The Board of Directors of Yangtzekiang Garment Limited (the "Company") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th September, 2009 as follows. The interim results have not been audited, but have been reviewed by the Company's Audit Committee.

#### Consolidated Income Statement - Unaudited For the six months ended 30th September, 2009 (Expressed in Hong Kong dollars)

|   | Note | Six months ended 30th September, |                  |
|---|------|----------------------------------|------------------|
|   |      | 2009<br>\$'000                   | 2008<br>\$'000   |
| <b>Turnover</b>   | 3    | 565,202                          | 778,219          |
| Cost of sales   |      | <u>(468,138)</u>                 | <u>(639,494)</u> |
| <b>Gross profit</b>   |      | 97,064                           | 138,725          |
| Other revenue   |      | 10,076                           | 7,694            |
| Other net income  |      | 5,596                            | 3,728            |
| Selling and distribution expenses                           |      | (53,622)                         | (64,730)         |
| Administrative expenses                                     |      | (42,318)                         | (42,668)         |
| Other operating expenses                                    |      | <u>(13,265)</u>                  | <u>(15,154)</u>  |
| <b>Profit from operations</b>                               |      | 3,531                            | 27,595           |
| Finance costs   |      | (3,010)                          | (4,962)          |
| Share of profits less losses of associates                  |      | 641                              | 854              |
| Share of profits less losses of jointly controlled entities |      | 1,044                            | 26,554           |
| Net valuation gain/(losses) on investment properties        |      | <u>1,110</u>                     | <u>(7,500)</u>   |
| <b>Profit before taxation</b>                               | 4    | 3,316                            | 42,541           |
| Income tax  | 5    | <u>(1,003)</u>                   | <u>(6,114)</u>   |
| <b>Profit after taxation</b>                                |      | <u>2,313</u>                     | <u>36,427</u>    |
| <b>Attributable to:</b>                                     |      |                                  |                  |
| Equity shareholders of the Company                          |      | 2,250                            | 36,366           |
| Minority interests  |      | <u>63</u>                        | <u>61</u>        |
| <b>Profit after taxation</b>                                |      | <u>2,313</u>                     | <u>36,427</u>    |
| <b>Earnings per share - Basic (Cents)</b>                   | 7    | <u>1.1</u>                       | <u>17.3</u>      |

Details of dividend payable to equity shareholders of the Company are set out in note 6.

**Consolidated Statement of Comprehensive Income - Unaudited**  
**For the six months ended 30th September, 2009**

*(Expressed in Hong Kong dollars)*

|  | <b>Six months ended 30th September,</b> |                      |
|--|---|----------------------|
|  | <b>2009</b>                             | <b>2008</b>          |
|  | <b>\$'000</b>                           | <b>\$'000</b>        |
| <b>Profit for the period</b>   | <b>2,313</b>                            | <b>36,427</b>        |
| <b>Other comprehensive income for the period:</b>  |   |                      |
| Exchange differences on translation of financial statements of overseas subsidiaries                               | <b>244</b>                              | 4,435                |
| Exchange differences on translation of financial statements of overseas associates and jointly controlled entities | <b>681</b>                              | 10,390               |
| <b>Total comprehensive income for the period</b>   | <b><u>3,238</u></b>                     | <b><u>51,252</u></b> |
| <b>Attributable to:</b>  |   |                      |
| Equity shareholders of the Company   | <b>3,175</b>                            | 51,191               |
| Minority interests   | <b>63</b>                               | 61                   |
| <b>Total comprehensive income for the period</b>   | <b><u>3,238</u></b>                     | <b><u>51,252</u></b> |

## Consolidated Balance Sheet – Unaudited

At 30th September, 2009

(Expressed in Hong Kong dollars)

|   |      | At 30th September, 2009 |         | At 31st March, 2009 |         |
|---|------|-------------------------|---------|---------------------|---------|
|   | Note | \$'000                  | \$'000  | \$'000              | \$'000  |
| <b>Non-current assets</b>   |      |                         |         |                     |         |
| Fixed assets  |      |                         |         |                     |         |
| Investment properties   |      | 63,864                  |         | 93,028              |         |
| Other property, plant and equipment                                 |      | 137,081                 |         | 154,006             |         |
| Interests in leasehold land held for own use under operating leases |      | 2,071                   | 203,016 | 2,103               | 249,137 |
| Construction in progress  |      |                         | -       |                     | 609     |
| Intangible assets   |      |                         | 2,874   |                     | 2,874   |
| Interest in associates  |      |                         | 7,236   |                     | 6,586   |
| Interest in jointly controlled entities                             |      |                         | 478,939 |                     | 477,224 |
| Other financial assets  |      |                         | 5,604   |                     | 5,986   |
| Dividend receivable from jointly controlled entities                |      |                         | 28,716  |                     | 28,678  |
| Deferred tax assets   |      |                         | 11,504  |                     | 7,765   |
|   |      |                         | 737,889 |                     | 778,859 |
| <b>Current assets</b>   |      |                         |         |                     |         |
| Inventories   |      | 130,235                 |         | 147,698             |         |
| Non-current assets held for sales                                   | 8    | 38,892                  |         | -                   |         |
| Trade and other receivables   | 9    | 137,303                 |         | 175,813             |         |
| Tax recoverable   |      | -                       |         | 242                 |         |
| Pledged deposits  |      | 9,123                   |         | 9,070               |         |
| Cash and cash equivalents   |      | 104,396                 |         | 116,153             |         |
|   |      | 419,949                 |         | 448,976             |         |
| <b>Current liabilities</b>  |      |                         |         |                     |         |
| Trade and other payables  | 10   | 223,773                 |         | 201,224             |         |
| Bank loans  |      | 7,547                   |         | 84,420              |         |
| Tax payable   |      | 10,857                  |         | 8,805               |         |
|   |      | 242,177                 |         | 294,449             |         |
| <b>Net current assets</b>   |      |                         | 177,772 |                     | 154,527 |
| <b>Total assets less current liabilities</b>                        |      |                         | 915,661 |                     | 933,386 |
| <b>Non-current liabilities</b>                                      |      |                         |         |                     |         |
| Provision for long service payments                                 |      | 31,217                  |         | 33,335              |         |
| Deferred tax liabilities  |      | 15,520                  | 46,737  | 15,432              | 48,767  |
| <b>NET ASSETS</b>   |      |                         | 868,924 |                     | 884,619 |
| <b>CAPITAL AND RESERVES</b>   |      |                         |         |                     |         |
| Share capital   |      | 105,184                 |         | 105,184             |         |
| Reserves  |      | 762,617                 |         | 778,375             |         |
| Total equity attributable to equity shareholders of the Company     |      | 867,801                 |         | 883,559             |         |
| Minority interests  |      | 1,123                   |         | 1,060               |         |
| <b>TOTAL EQUITY</b>   |      | 868,924                 |         | 884,619             |         |

Notes:

## 1. PRINCIPAL ACCOUNTING POLICIES AND BASIS OF PREPARATION

The unaudited interim financial report has 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, including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the financial statements for the year ended 31st March, 2009, except for the accounting policy changes that are expected to be reflected in the financial statements for the year ending 31st March, 2010. Details of these changes in accounting policies are set out in note 2.

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

## 2. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued one new Hong Kong Financial Reporting Standard (“HKFRS”), a number of amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the Group. 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 HKAS 27 “Consolidated and separate financial statements – cost of an investment in a subsidiary, jointly controlled entity or associate”
- Amendments to HKFRS 7 “Financial instruments: Disclosures – improving disclosures about financial instruments”
- HKAS 23 (revised 2007) “Borrowing costs”

The amendments to HKAS 23 have had no material impact on the Group’s financial statements as the amendments were consistent with policies already adopted by the Group. In addition, the amendments to HKFRS 7 do not contain any additional disclosure requirements specifically applicable to the interim financial report. The amendments to HKFRS 27 have no material impact on the results and financial position of the Group. The impact of the remainder of these developments on the interim financial report 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 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 resulted no change in reportable segments being identified and presented (see note 3). Corresponding amounts have 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. The new format for the consolidated statement of comprehensive income and the consolidated statement of changes in equity has been adopted in the interim financial report and 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.

### 3. SEGMENT REPORTING

The Group manages its businesses by three divisions, namely "Manufacture and sale of garments and textiles", "Interest in jointly controlled entities" and "Property leasing". On the first-time adoption of HKFRS 8 "Operating segments" and 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 identified 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**

In accordance with HKFRS 8, segment information disclosed in the interim financial report has been prepared in a manner consistent with the information used by the Group's most senior executive management for the purposes of assessing segment performance and allocating resources between segments. In this regard, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

**Manufacture and sale of garments and textiles and property leasing segments**

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

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 of assets attributable to those segments. The inter-segment revenue is the rentals receivable from reporting segment manufacture and sale of garments and textiles, which are priced with reference to prices charged to external parties for similar services.

Performance is measured based on segment profit before taxation. Items not specifically attributable to individual segments, such as share of profits of associates, valuation gain or loss on investment properties and other corporate expenses, are not allocated to the reporting segments.

**Interest in jointly controlled entities**

The Group's interest in jointly controlled entities is accounted for in the consolidated financial statements under the equity method, and it is presented as a separate reportable segment. The Group's senior executive managements review the post-tax results of the investment 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 managements for resource allocation purpose.

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.

|  | Manufacture and sale of garments and textiles |                                  | Interest in jointly controlled entities |                                  | Property leasing                     |                                  | Total                                |                                  |
|--|---|----------------------------------|---|----------------------------------|--------------------------------------|----------------------------------|--------------------------------------|----------------------------------|
|  | 2009<br>\$'000                                | 2008<br>\$'000                   | 2009<br>\$'000                          | 2008<br>\$'000                   | 2009<br>\$'000                       | 2008<br>\$'000                   | 2009<br>\$'000                       | 2008<br>\$'000                   |
| <b>For the six months ended 30 September</b>             |   |                                  |   |                                  |                                      |                                  |                                      |                                  |
| <b>Revenue</b>   |   |                                  |   |                                  |                                      |                                  |                                      |                                  |
| Revenue from external customers                          | 562,407                                       | 774,855                          | -                                       | -                                | 2,795                                | 3,364                            | 565,202                              | 778,219                          |
| Inter-segment revenue                                    | -   | -                                | -                                       | -                                | 3,086                                | 3,086                            | 3,086                                | 3,086                            |
| <b>Reportable segment revenue</b>                        | <b>562,407</b>                                | <b>774,855</b>                   | <b>-</b>                                | <b>-</b>                         | <b>5,881</b>                         | <b>6,450</b>                     | <b>568,288</b>                       | <b>781,305</b>                   |
| <b>Reportable segment profit</b>                         | <b>(711)</b>                                  | <b>19,075</b>                    | <b>1,044</b>                            | <b>26,554</b>                    | <b>1,716</b>                         | <b>2,739</b>                     | <b>2,049</b>                         | <b>48,368</b>                    |
|  | As at 30th September, 2009<br>\$'000          | As at 31st March, 2009<br>\$'000 | As at 30th September, 2009<br>\$'000    | As at 31st March, 2009<br>\$'000 | As at 30th September, 2009<br>\$'000 | As at 31st March, 2009<br>\$'000 | As at 30th September, 2009<br>\$'000 | As at 31st March, 2009<br>\$'000 |
| <b>Reportable segment assets</b>                         | <b>537,356</b>                                | <b>607,930</b>                   | <b>478,939</b>                          | <b>477,224</b>                   | <b>125,114</b>                       | <b>124,866</b>                   | <b>1,141,409</b>                     | <b>1,210,020</b>                 |
| Addition to non-current segment assets during the period | 2,427   | 15,067                           | -                                       | -                                | -                                    | -                                | 2,427                                | 15,067                           |
| <b>Reportable segment liabilities</b>                    | <b>271,026</b>                                | <b>327,156</b>                   | <b>-</b>                                | <b>-</b>                         | <b>14,338</b>                        | <b>14,261</b>                    | <b>285,364</b>                       | <b>341,417</b>                   |

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

|   | Six months ended 30th September, |                  |
|---|----------------------------------|------------------|
|   | 2009                             | 2008             |
|   | \$'000                           | \$'000           |
| <b>Revenue</b>                                      |                                  |                  |
| Reportable segment revenue                          | 568,288                          | 781,305          |
| Elimination of inter-segment revenue                | (3,086)                          | (3,086)          |
| <b>Consolidated turnover</b>                        | <u>565,202</u>                   | <u>778,219</u>   |
|   |                                  |                  |
|   | Six months ended 30th September, |                  |
|   | 2009                             | 2008             |
|   | \$'000                           | \$'000           |
| <b>Profit</b>                                       |                                  |                  |
| Reportable segment profit                           | 2,049                            | 48,368           |
| Share of profits of associates                      | 641                              | 854              |
| Net valuation gain or loss on investment properties | 1,110                            | (7,500)          |
| Unallocated income and expenses                     | (484)                            | 819              |
| <b>Consolidated profit before taxation</b>          | <u>3,316</u>                     | <u>42,541</u>    |
|   |                                  |                  |
|   | 30th September,                  | 31st March,      |
|   | 2009                             | 2009             |
|   | \$'000                           | \$'000           |
| <b>Assets</b>                                       |                                  |                  |
| Reportable segment assets                           | 1,141,409                        | 1,210,020        |
| Intangible assets                                   | 2,874                            | 2,874            |
| Interests in associates                             | 7,236                            | 6,586            |
| Other financial assets                              | 5,604                            | 5,986            |
| Unallocated corporate assets                        | 715                              | 2,369            |
| <b>Consolidated total assets</b>                    | <u>1,157,838</u>                 | <u>1,227,835</u> |
|   |                                  |                  |
|   | 30th September,                  | 31st March,      |
|   | 2009                             | 2009             |
|   | \$'000                           | \$'000           |
| <b>Liabilities</b>                                  |                                  |                  |
| Reportable segment liabilities                      | 285,364                          | 341,417          |
| Unallocated corporate liabilities                   | 3,550                            | 1,799            |
| <b>Consolidated total liabilities</b>               | <u>288,914</u>                   | <u>343,216</u>   |



#### 4. PROFIT BEFORE TAXATION

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

|   | Six months ended<br>30th September, |                |
|---|-------------------------------------|----------------|
|   | 2009<br>\$'000                      | 2008<br>\$'000 |
| (a) Finance costs:  |                                     |                |
| Interest on bank loans wholly repayable within five years<br>(including bank charges)                 | <u>3,010</u>                        | <u>4,962</u>   |
| (b) Staff costs:  |                                     |                |
| Salaries, wages and other benefits  | 102,268                             | 109,631        |
| Contributions to defined contribution retirement schemes  | 1,992                               | 1,982          |
| (Reversal of)/provision for long service payment  | <u>(1,931)</u>                      | <u>1,762</u>   |
|   | <u>102,329</u>                      | <u>113,375</u> |
| (c) Other items:  |                                     |                |
| Amortization of land lease premium  | 35                                  | 35             |
| Depreciation  | 11,637                              | 11,171         |
| Auditors' remuneration  | 799                                 | 837            |
| Operating lease charges:  |                                     |                |
| minimum lease payments - property rentals   | 3,064                               | 4,010          |
| Loss on disposal of fixed assets  | 238                                 | 51             |
| Rentals receivable from investment properties less<br>direct outgoings of \$848,000 (2008: \$873,000) | (1,947)                             | (2,491)        |
| Dividends income and interest income  | <u>(443)</u>                        | <u>(842)</u>   |

#### 5. INCOME TAX

|                                     | Six months ended 30th September, |                |
|-------------------------------------|----------------------------------|----------------|
|                                     | 2009<br>\$'000                   | 2008<br>\$'000 |
| Current tax - Hong Kong Profits Tax | 4,643                            | 5,832          |
| Current tax - Overseas              | -                                | (185)          |
| Deferred tax                        | <u>(3,640)</u>                   | <u>467</u>     |
|                                     | <u>1,003</u>                     | <u>6,114</u>   |

The provision for Hong Kong Profits Tax is calculated at 16.5% (2008: 16.5%) of the estimated assessable profits for the period. Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

#### 6. DIVIDENDS

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

|  | Six months ended 30th September, |                |
|--|----------------------------------|----------------|
|  | 2009<br>\$'000                   | 2008<br>\$'000 |
| Interim dividend declared after the interim<br>period end of \$0.01 (2008: \$0.01) per share | <u>2,104</u>                     | <u>2,104</u>   |

The interim dividend declared after the interim period end has not been recognized as a liability at the interim period end date.

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

|   | Six months ended 30th September, |        |
|---|----------------------------------|--------|
|   | 2009                             | 2008   |
|   | \$'000                           | \$'000 |
| Final dividend in respect of the previous financial year, approved and paid during the interim period, of \$0.09 (2008: \$0.18) per share | <b>18,933</b>                    | 37,866 |

## 7. 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 \$2,250,000 (2008: \$36,366,000) and on 210,369,000 (2008: 210,369,000) ordinary shares in issue throughout the period.

### (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 periods ended 30th September, 2009 and 2008.

## 8. NON-CURRENT ASSETS HELD FOR SALES

On 9th September, 2009, the Group entered into an agreement with an independent third party to dispose of an investment property in Macau with a carrying value of approximately HK\$38,900,000 for a consideration of HK\$120,000,000. The date of completion of the agreement shall be on or before 15th January, 2010. Accordingly, the carrying amount of this property has been classified as non-current assets held for sale as at 30th September, 2009.

## 9. TRADE AND OTHER RECEIVABLES

|   | 30th September,<br>2009<br>\$'000 | 31st March,<br>2009<br>\$'000 |
|---|-----------------------------------|-------------------------------|
| <b>Non-current</b>  |                                   |                               |
| Dividend receivable from a jointly controlled entity                | <b>28,716</b>                     | 28,678                        |
| <b>Current</b>  |                                   |                               |
| Trade debtors   | 78,866                            | 105,137                       |
| Bills receivable  | 41,890                            | 54,659                        |
| Less: allowances for doubtful debts                                 | <b>(5,964)</b>                    | (5,933)                       |
|   | <b>114,792</b>                    | 153,863                       |
| Loans receivables   | 715                               | 821                           |
| Deposits, prepayments and other debtors                             | 16,046                            | 16,434                        |
| Amounts due from related companies                                  | 4,318                             | 2,119                         |
| Amounts due from associates and jointly controlled entities         | 1,432                             | 1,027                         |
| Dividend receivable from associates and jointly controlled entities | -                                 | 1,549                         |
|   | <b>22,511</b>                     | 21,950                        |
|   | <b>137,303</b>                    | 175,813                       |

As at 30th September, 2009, bills receivable of the Group amounting to \$7,547,000 (as at 31st March, 2009: \$44,420,000) has been pledged to secure bank loans of \$7,547,000 (as at 31st March, 2009: \$44,420,000).

All of the Group's trade and other receivables are expected to be recovered or recognised as an expense within one year, except for the dividend receivable from the jointly controlled entity of the Group amounting to \$28,716,000 (as at 31st March, 2009: \$28,678,000).

All other amounts due from subsidiaries, related companies, associates and jointly controlled entities are unsecured, interest-free and repayable on demand.

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:

|                                    | <b>30th September,<br/>2009</b> | 31st March,<br>2009   |
|------------------------------------|---------------------------------|-----------------------|
|                                    | <b>\$'000</b>                   | \$'000                |
| Current                            | <u>91,903</u>                   | <u>126,748</u>        |
| Less than 61 days past due         | 17,360                          | 22,985                |
| 61 - 90 days past due              | 146                             | 2,056                 |
| More than 90 days past due         | <u>5,383</u>                    | <u>2,074</u>          |
| Amounts past due                   | <u>22,889</u>                   | <u>27,115</u>         |
| Trade debtors and bills receivable | <u><u>114,792</u></u>           | <u><u>153,863</u></u> |

Trade debtors and bills receivable are due between 30 days to 90 days from the date of billing.

#### 10. TRADE AND OTHER PAYABLES

|   | <b>30th September,<br/>2009</b> | 31st March,<br>2009   |
|---|---------------------------------|-----------------------|
|   | <b>\$'000</b>                   | \$'000                |
| Trade creditors   | 100,027                         | 100,270               |
| Bills payables  | 13,805                          | 18,254                |
| Accrued charges and other creditors                       | 104,196                         | 76,311                |
| Amounts due to related companies                          | 271                             | 4,591                 |
| Amounts due to associates and jointly controlled entities | 2,271                           | 2                     |
| Amount due to a shareholder                               | <u>3,203</u>                    | <u>1,796</u>          |
|   | <u><u>223,773</u></u>           | <u><u>201,224</u></u> |

All of the trade and other payables are expected to be settled within one year.

The amounts due to subsidiaries, related companies, associates, jointly controlled entities and shareholder are unsecured, interest-free and repayable on demand.

As at 30th September, 2009, bills payables of the Group amounting to \$9,123,000 (as at 31st March, 2009: \$9,070,000) are secured by the pledged deposits of the Group amounting to \$9,123,000 (as at 31st March, 2009: \$9,070,000).

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

|                                   | <b>30th September,<br/>2009<br/>\$'000</b> | 31st March,<br>2009<br>\$'000 |
|-----------------------------------|--|-------------------------------|
| Current                           | 90,729                                     | 85,843                        |
| Less than 61 days past due        | 19,545                                     | 28,383                        |
| 61 - 90 days past due             | 932  | 1,971                         |
| More than 90 days past due        | 2,626                                      | 2,327                         |
| Amounts past due                  | 23,103                                     | 32,681                        |
| Trade creditors and bills payable | <b>113,832</b>                             | <b>118,524</b>                |

## INTERIM DIVIDEND

The Board have resolved to pay an interim dividend of \$0.01 (2008: \$0.01) per share for the six months ended 30th September, 2009 to shareholders whose names appears on the register of members of the Company as at the close of business on 11th January, 2010. The interim dividend will be despatched to shareholders on 15th January, 2010.

## CLOSURE OF REGISTER OF MEMBER

The register of members of the Company will be closed from 6th January, 2010 to 11th January, 2010 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by no later than 4:30 p.m. on Tuesday, 5th January, 2010.

## BUSINESS REVIEW AND PROSPECTS

As stated in our annual report of 31st March, 2009, the directors expect the current year to be extremely difficult for the garment industry. Our profit for the first six months dropped to HK\$2,313,000 (2008: HK\$36,427,000). Reasons for the drastic decrease in profits are as follows:

- 1) Drop in sales revenue of 27% compared with same period last year (2009: HK\$565,202,000, 2008: HK\$778,219,000). This has direct negative impact on our overall gross profit.
- 2) Huge losses incurred from our garment factories in Panyu, China.
- 3) Profit derived from Wuxi Talak Investment Co., Ltd. also dropped because this year we could no longer record income from relocation compensation which has all been booked over the last few years.

On the positive side, we have successfully reduced expenses of the Group to adjust to the current poor business condition.

While the garment exporting business remains difficult, the directors expect an overall improvement for the second half of this year. There are signs of recovery in the textile business for our Wuxi investment. In addition, there will be an one time profit derived for the sales of Macau industrial property which was announced on 9th September, 2009.

## **FINANCIAL POSITION AND CAPITAL STRUCTURE**

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

As at 30th September, 2009, the cash and bank balances of the Group were approximately HK\$104,396,000 (as at 31st March, 2009: HK\$116,153,000). As at 30th September, 2009, the bank borrowings of the Group has short term borrowings of approximately HK\$7,547,000 (as at 31st March, 2009: HK\$84,420,000) and there was no long term borrowings (as at 31st March, 2009: Nil). The gearing ratio (calculated by dividing total bank borrowings by total equity) of the Group was 0.01 (as at 31st March, 2009: 0.10). The bank borrowings including bank loans and overdrafts are mainly in Hong Kong dollars.

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 30th September, 2009, the Group has no outstanding foreign exchange contracts.

The share capital of the Company remained unchanged during the period under review.

## **PLEDGE OF ASSETS**

As at 30th September, 2009, the Group had pledged certain assets with carrying values of HK\$16,670,000 (as at 31st March, 2009: HK\$53,490,000) mainly for security of banking facilities granted to the Group.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30th September, 2009, the Group, including its subsidiaries but excluding its associates and jointly controlled entities, employed approximately of 5,300 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, a provident fund scheme, medical insurance and training to staff.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period ended 30th September, 2009.

## **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 unaudited interim financial statements of the Group for the period ended 30th September, 2009.

## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has complied throughout the period ended 30th September, 2009 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 ("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 its 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 period ended 30th September, 2009 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, 11th December, 2009

*As at the date of this announcement, the Board comprises eight executive Directors, namely Chan Sui Kau, Chan Wing Fui Peter, Chan Wing Kee, Chan Wing To, Chan Suk Man, Chan Wing Sun Samuel, Chan Suk Ling Shirley and So Ying Woon Alan, and, three independent non-executive Directors, namely Leung Hok Lim, Wong Lam and Lin Keping.*