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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 2013**

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 associates and jointly controlled entities for the year ended 31 March 2013 together with comparative figures for the corresponding period and selected explanatory information as follows:

**CONSOLIDATED INCOME STATEMENT**

**For the year ended 31 March 2013**

*(Expressed in Hong Kong dollars)*

	<i>Note</i>	2013 \$'000	2012 \$'000
<b>Turnover</b>	3&4	<b>1,333,068</b>	1,750,673
Cost of sales		<u>(1,110,978)</u>	<u>(1,481,405)</u>
<b>Gross profit</b>		<b>222,090</b>	269,268
Other revenue		4,456	5,554
Other net income		423	7,053
Selling and distribution expenses		(81,870)	(93,911)
Administrative expenses		(72,444)	(84,666)
Other operating expenses		<u>(33,382)</u>	<u>(21,065)</u>
<b>Profit from operations</b>		<b>39,273</b>	82,233
Finance costs	5(a)	(4,398)	(5,799)
Share of losses of associates		(398)	(192)
Share of (losses)/profits of jointly controlled entities		(4,821)	7,522
Impairment loss on fixed assets		(8,504)	-
Net valuation gains on investment properties		<u>44,905</u>	<u>33,392</u>
<b>Profit before taxation</b>	5	<b>66,057</b>	117,156
Income tax	6	<u>(10,311)</u>	<u>(12,823)</u>
<b>Profit for the year</b>		<b><u>55,746</u></b>	<b><u>104,333</u></b>
<b>Attributable to:</b>			
Equity shareholders of the Company		53,082	103,159
Non-controlling interests		<u>2,664</u>	<u>1,174</u>
<b>Profit for the year</b>		<b><u>55,746</u></b>	<b><u>104,333</u></b>
<b>Earnings per share</b>			
Basic and diluted	8	<b><u>\$0.26</u></b>	<b><u>\$0.49</u></b>

Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 7.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 March 2013***(Expressed in Hong Kong dollars)*

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
<b>Profit for the year</b>	<b>55,746</b>	104,333
<b>Other comprehensive income for the year</b> <b>(after tax and reclassification adjustments)</b>		
Exchange differences on translation of:		
- financial statements of subsidiaries outside Hong Kong	<b>1,662</b>	6,509
- share of associates' and jointly controlled entities' net assets	<b>3,689</b>	22,425
	<b>5,351</b>	28,934
Revaluation of land and buildings held for own use upon transfer to investment properties, net of tax	-	14,231
Available-for-sale securities:		
net movement in the investment revaluation reserve	<b>(984)</b>	218
Cash flow hedges:		
net movement in the hedging reserve	<b>48</b>	3,016
	<b>4,415</b>	46,399
<b>Total comprehensive income for the year</b>	<b>60,161</b>	150,732
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>57,300</b>	149,822
Non-controlling interests	<b>2,861</b>	910
<b>Total comprehensive income for the year</b>	<b>60,161</b>	150,732

**CONSOLIDATED BALANCE SHEET****At 31 March 2013***(Expressed in Hong Kong dollars)*

		2013	2012
	<i>Note</i>	\$'000	\$'000
<b>Non-current assets</b>			
Fixed assets			
Investment properties		213,783	168,616
Other property, plant and equipment		87,599	102,397
Interest in leasehold land held for own use under operating leases		<u>1,727</u>	<u>1,776</u>
		303,109	272,789
Intangible assets		3,117	3,117
Goodwill		-	-
Interests in associates		2,096	16
Interests in jointly controlled entities		610,118	611,270
Prepayment for fixed assets		870	789
Other financial assets		7,069	8,079
Deferred tax assets		<u>2,454</u>	<u>11,328</u>
		<u>928,833</u>	<u>907,388</u>
<b>Current assets</b>			
Inventories		78,340	127,345
Trade and other receivables	9	192,795	329,199
Cash and cash equivalents		<u>270,015</u>	<u>149,227</u>
		<u>541,150</u>	<u>605,771</u>
<b>Current liabilities</b>			
Trade and other payables	10	150,810	221,304
Current tax payable		<u>15,288</u>	<u>21,765</u>
		<u>166,098</u>	<u>243,069</u>
<b>Net current assets</b>		<u>375,052</u>	<u>362,702</u>
<b>Total assets less current liabilities</b>		<u>1,303,885</u>	<u>1,270,090</u>
<b>Non-current liabilities</b>			
Provision for long service payments		22,915	33,108
Deferred tax liabilities		<u>9,043</u>	<u>14,778</u>
		<u>31,958</u>	<u>47,886</u>
<b>NET ASSETS</b>		<u>1,271,927</u>	<u>1,222,204</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		103,374	103,374
Reserves		<u>1,160,646</u>	<u>1,115,751</u>
<b>Total equity attributable to equity shareholders of the Company</b>		1,264,020	1,219,125
<b>Non-controlling interests</b>		<u>7,907</u>	<u>3,079</u>
<b>TOTAL EQUITY</b>		<u>1,271,927</u>	<u>1,222,204</u>

NOTES:

(Expressed in Hong Kong dollars)

**1. BASIS OF PREPARATION**

The consolidated results set out in this announcement do not constitute the Group's statutory financial statements for the year ended 31 March 2013 but are extracted from those financial statements.

The consolidated financial statements of the Group for the year ended 31 March 2013 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 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 ("the Listing Rules"). In addition, this announcement has been reviewed by the Company's audit committee.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, financial instruments classified as available-for-sale securities; and derivative financial instruments held as cash flow hedging 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 2013 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year ended 31 March 2013 and the amounts have been 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 several amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following development is relevant to the Group's financial statements:

- Amendments to HKFRS 7, *Financial instruments: Disclosures - Transfers of financial assets*

The amendments to HKFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

The Group has not applied any new standard or Interpretation that is not yet effective for the current accounting period.

The Group early adopted the amendments to HKAS 12, *Income taxes - Deferred tax: Recovery of underlying assets* in respect of the recognition of deferred tax on investment properties carried at fair value under HKAS 40, *Investment Property*, during the year ended 31 March 2012.

**3. TURNOVER**

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

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

	<b>2013</b>	2012
	<b>\$'000</b>	\$'000
Manufacture and sale of garments	<b>1,304,726</b>	1,716,736
Manufacture and sale of textiles	<b>11,635</b>	19,775
Processing service income	<b>9,665</b>	7,656
Property rental income	<b>7,042</b>	6,506
	<b><u>1,333,068</u></b>	<u>1,750,673</u>

The Group's customer base is diversified and includes only two customers (2012: two) with whom transactions have exceeded 10% of the Group's turnover. For the year ended 31 March 2013, revenue from sales of garments to these customers, including sales to entities which are known to the Group to be under common control with these customers, amounted to approximately \$411,661,000 (2012: \$614,404,000) and arose in all geographical regions in which the manufacture and sale of garments and textiles division is active.

#### 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 jointly controlled entities: the Group's jointly controlled entities 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, interests in associates, 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 finance cost and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates, 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, 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 result of the interests 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 because 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 2013 and 2012 is set out below:

	Manufacture and sale of garments and textiles		Interests in jointly controlled entities		Property leasing		Total	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Revenue from external customers	1,326,026	1,744,167	-	-	7,042	6,506	1,333,068	1,750,673
Inter-segment revenue	-	-	-	-	2,443	2,443	2,443	2,443
<b>Reportable segment revenue</b>	<b>1,326,026</b>	<b>1,744,167</b>	<b>-</b>	<b>-</b>	<b>9,485</b>	<b>8,949</b>	<b>1,335,511</b>	<b>1,753,116</b>
<b>Reportable segment profit/(loss) (adjusted EBITDA)</b>	<b>59,256</b>	<b>89,960</b>	<b>(4,821)</b>	<b>7,522</b>	<b>8,173</b>	<b>6,798</b>	<b>62,608</b>	<b>104,280</b>
Interest income	2,255	1,675	-	-	-	-	2,255	1,675
Finance costs	(4,398)	(5,799)	-	-	-	-	(4,398)	(5,799)
Depreciation and amortisation	(17,213)	(18,005)	-	-	-	-	(17,213)	(18,005)
Impairment loss on fixed assets	(8,504)	-	-	-	-	-	(8,504)	-
<b>Reportable segment assets</b>	<b>630,932</b>	<b>710,261</b>	<b>610,118</b>	<b>611,270</b>	<b>300,361</b>	<b>233,650</b>	<b>1,541,411</b>	<b>1,555,181</b>
Additions to non-current segment assets during the year	12,468	25,732	-	-	-	-	12,468	25,732
<b>Reportable segment liabilities</b>	<b>172,278</b>	<b>252,971</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>172,278</b>	<b>252,971</b>

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

	2013 \$'000	2012 \$'000
<i>Revenue</i>		
Reportable segment revenue	1,335,511	1,753,116
Elimination of inter-segment revenue	(2,443)	(2,443)
Consolidated turnover	<u>1,333,068</u>	<u>1,750,673</u>
	2013 \$'000	2012 \$'000
<i>Profit</i>		
Reportable segment profit derived from Group's external customers (adjusted EBITDA)	62,608	104,280
Finance costs	(4,398)	(5,799)
Share of losses of associates	(398)	(192)
Impairment loss on fixed assets	(8,504)	-
Net valuation gains on investment properties	44,905	33,392
Other revenue and net income	4,879	12,607
Depreciation and amortisation	(17,213)	(18,005)
Unallocated head office and corporate expenses	(15,822)	(9,127)
Consolidated profit before taxation	<u>66,057</u>	<u>117,156</u>
	2013 \$'000	2012 \$'000
<i>Assets</i>		
Reportable segment assets	1,541,411	1,555,181
Elimination of inter-segment assets	(86,578)	(65,034)
	<u>1,454,833</u>	<u>1,490,147</u>
Intangible assets	3,117	3,117
Interests in associates	2,096	16
Other financial assets	7,069	8,079
Deferred tax assets	2,454	11,328
Unallocated head office and corporate assets	414	472
Consolidated total assets	<u>1,469,983</u>	<u>1,513,159</u>
	2013 \$'000	2012 \$'000
<i>Liabilities</i>		
Reportable segment liabilities	172,278	252,971
Current tax payable	15,288	21,765
Deferred tax liabilities	9,043	14,778
Unallocated head office and corporate liabilities	1,447	1,441
Consolidated total liabilities	<u>198,056</u>	<u>290,955</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 fixed assets, intangible assets, goodwill, interests in associates and jointly controlled entities and prepayment for fixed assets ("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 fixed assets, 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 associates and jointly controlled entities.

	Revenues from external customers		Specified non-current assets	
	2013 \$'000	2012 \$'000	2013 \$'000	2012 \$'000
Hong Kong (place of domicile)	<u>95,704</u>	<u>102,674</u>	<u>194,742</u>	<u>152,423</u>
Europe				
- United Kingdom	209,110	294,059	-	-
- France	10,126	3,958	-	-
- Other European countries	413,003	580,436	-	-
Mainland China	203,662	288,503	717,132	733,019
North America	204,330	272,434	-	-
Others	197,133	208,609	7,436	2,539
	<u>1,237,364</u>	<u>1,647,999</u>	<u>724,568</u>	<u>735,558</u>
	<u>1,333,068</u>	<u>1,750,673</u>	<u>919,310</u>	<u>887,981</u>

5. **PROFIT BEFORE TAXATION**

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

	2013 \$'000	2012 \$'000
(a) <b>Finance costs:</b>		
Interest on bank loans wholly repayable within five years (including bank charges)	4,393	5,799
Other interest expense	<u>5</u>	<u>-</u>
	<u>4,398</u>	<u>5,799</u>
(b) <b>Other items:</b>		
Cost of inventories	1,110,978	1,481,405
Amortisation of pre-paid interests in leasehold land	59	58
Depreciation	17,154	17,947
Net loss on cash flow hedging instruments reclassified from equity	-	4,272
Impairment loss on trade and other receivables	291	136
Impairment loss on amount due from an associate	4,171	-
Auditors' remuneration	1,729	1,736
Operating lease charges:		
minimum lease payments - property rentals	8,003	8,675
Rentals receivable from investment properties less direct outgoings of \$1,312,000 (2012: \$1,917,000)	<u>(5,730)</u>	<u>(4,589)</u>



## 6. INCOME TAX

Income tax in the consolidated income statement represents:

	2013 \$'000	2012 \$'000
<b>Current tax – Hong Kong Profits Tax</b>		
Provision for the year	7,891	10,681
(Over)/under-provision in respect of prior years	<u>(51)</u>	<u>323</u>
	7,840	11,004
<b>Current tax – Outside Hong Kong</b>		
Provision for the year	30	2,256
Over-provision in respect of prior years	<u>(700)</u>	<u>-</u>
	(670)	2,256
<b>Deferred tax</b>		
Origination and reversal of temporary differences	<u>3,141</u>	<u>(437)</u>
	<u>10,311</u>	<u>12,823</u>

The provision for Hong Kong Profits Tax for 2013 is calculated at 16.5% (2012: 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.

## 7. CAPITAL AND DIVIDENDS

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

	2013 \$'000	2012 \$'000
No interim dividend declared for 2013 (2012: \$0.02 per ordinary share)	-	4,135
Final dividend proposed after the balance sheet date of \$0.05 (2012: \$0.06) per ordinary share	<u>10,337</u>	<u>12,405</u>
	<u>10,337</u>	<u>16,540</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

	2013 \$'000	2012 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year of \$0.06 (2012: \$0.10) per ordinary share	<u>12,405</u>	<u>21,037</u>

(c) **Share capital**

	2013		2012	
<i>Note</i>	No. of shares '000	Amount \$'000	No. of shares '000	Amount \$'000
<b>Authorised:</b>				
Ordinary shares of \$0.50 each	<u>400,000</u>	<u>200,000</u>	<u>400,000</u>	<u>200,000</u>
<b>Ordinary shares, issued and fully paid:</b>				
At 1 April	206,748	103,374	210,369	105,184
Purchase of own shares during the year	(i) -	-	(3,621)	(1,810)
At 31 March	<u>206,748</u>	<u>103,374</u>	<u>206,748</u>	<u>103,374</u>

(i) Purchase of own shares

During the year ended 31 March 2012, the Company repurchased its own ordinary shares on The Stock Exchange of Hong Kong Limited as follows:

Month/year	Number of shares repurchased '000	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate consideration paid \$'000
September 2011	2,776	2.02	1.94	5,538
October 2011	<u>845</u>	<u>2.05</u>	<u>1.88</u>	<u>1,750</u>
Total	<u>3,621</u>			<u>7,288</u>

The repurchased shares were cancelled and accordingly the issued share capital of the Company was reduced by the par value of these shares. Pursuant to section 49H of the Hong Kong Companies Ordinance, an amount equivalent to the par value of the shares cancelled of \$1,810,000 was transferred from the retained profits to the capital redemption reserve. The premium paid on the repurchase of the shares of \$5,478,000 was charged against retained profits.

**8. 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 \$53,082,000 (2012: \$103,159,000) and the weighted average of 206,748,000 (2012: 208,531,000) ordinary shares in issue during the year, calculated as follows:

*Weighted average number of ordinary shares*

	2013 '000	2012 '000
Issued ordinary shares at 1 April	206,748	210,369
Effect of shares repurchased (note 7(c)(i))	<u>-</u>	<u>(1,838)</u>
Weighted average number of ordinary shares at 31 March	<u>206,748</u>	<u>208,531</u>

(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 2013 and 2012.

## 9. TRADE AND OTHER RECEIVABLES

	2013 \$'000	2012 \$'000
Trade debtors	89,716	163,391
Bills receivable	61,334	110,855
Less: Allowance for doubtful debts	<u>(3,753)</u>	<u>(6,283)</u>
	<b>147,297</b>	267,963
Deposits, prepayments and other debtors	41,481	52,681
Amounts due from related companies	2,490	4,238
Amounts due from jointly controlled entities	1,475	1,466
Amount due from an associate	-	2,851
Derivative financial instruments held as cash flow hedging instruments	<u>52</u>	<u>-</u>
	<b><u>192,795</u></b>	<b><u>329,199</u></b>

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

Trade debtors and bills receivable are due between 30 to 120 days from the date of billing.

The amounts due from related companies, jointly controlled entities and an associate are unsecured, interest-free and recoverable on demand.

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

	2013 \$'000	2012 \$'000
Within 1 month	61,751	145,409
1 to 2 months	24,944	62,455
2 to 3 months	45,001	41,417
3 to 4 months	10,998	12,946
Over 4 months	<u>4,603</u>	<u>5,736</u>
	<b><u>147,297</u></b>	<b><u>267,963</u></b>

The ageing analysis of trade debtors and bills receivable that are neither individually nor collectively considered to be impaired are set out as follows:

	2013 \$'000	2012 \$'000
Current	<u>129,493</u>	<u>197,298</u>
Less than 61 days past due	13,233	65,116
61 to 90 days past due	1,239	1,158
More than 90 days past due	<u>3,332</u>	<u>4,391</u>
	<b><u>17,804</u></b>	<b><u>70,665</u></b>
	<b><u>147,297</u></b>	<b><u>267,963</u></b>

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

## 10. TRADE AND OTHER PAYABLES

	2013 \$'000	2012 \$'000
Trade creditors	82,372	120,152
Bills payable	<u>3,523</u>	<u>13,812</u>
	<b>85,895</b>	133,964
Accrued charges and other creditors	63,085	86,882
Amounts due to related companies	1,483	418
Amounts due to jointly controlled entities	148	-
Amount due to an associate	199	-
Amount due to a shareholder – Chan Family Investment Corporation Limited	<u>-</u>	<u>40</u>
	<b><u>150,810</u></b>	<b><u>221,304</u></b>

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, jointly controlled entities, an associate and a shareholder are unsecured, interest-free and 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:

	2013 \$'000	2012 \$'000
Current	<u>46,610</u>	<u>84,716</u>
Less than 61 days past due	29,621	43,354
61 to 90 days past due	6,183	827
More than 90 days past due	<u>3,481</u>	<u>5,067</u>
	<b><u>39,285</u></b>	<b><u>49,248</u></b>
	<b><u>85,895</u></b>	<b><u>133,964</u></b>

The Group's general payment terms are 30 to 90 days from the invoice date. Therefore, the balances above which are classified as current are mostly within 90 days from the invoice date.

## **DIVIDENDS**

The Board resolved to recommend the payment of a final dividend of 5 cents (2012: 6 cents) per share in respect of the year ended 31 March 2013 at the forthcoming annual general meeting of the Company to be held on 6 September 2013. The aggregate final dividend amounting to HK\$10,337,000 (2012: HK\$12,405,000), if approved by the shareholders, is expected to be paid on or around 24 September 2013.

## **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 2 September 2013 to 6 September 2013 (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 Friday, 30 August 2013.

The register of members of the Company will also be closed from 12 September 2013 to 16 September 2013 (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 24 September 2013 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 Wednesday, 11 September 2013.

## **BUSINESS REVIEW AND PROSPECTS**

Turnover of the Group for the current year of 2012/13 decreased to HK\$1,333,068,000 (2011/12: HK\$1,750,673,000) and the overall net profit was HK\$55,746,000 (2011/12: HK\$104,333,000).

The overall net profit for the Group dropped by 47% to HK\$55,746,000 (2011/12: HK\$104,333,000) while the operating profit from our business also dropped by 52% to HK\$39,273,000 (2011/12: HK\$82,233,000). The decrease in our turnover as well as the loss recorded by our investments in the jointly controlled entities in Wuxi contributed to the unsatisfactory overall results of the year under review.

Our factory in Guigang (Guangxi, China) in fiscal year 2012/13 successfully replaced our factories in Panyu (Guangzhou, China) as the main production base for manufacturing our woven pants orders. It is our plan to move our production of knitted wears to Guigang in the following year. Our Panyu operation will change from manufacturing to a liaison centre, providing support to our sales and production departments.

The appreciation of Renminbi, incessant increase in legal minimum wages, social insurance, housing fund and construction and educational surcharges continue to escalate our manufacturing costs. Coupled with the fierce competition from overseas, our operations in China have been under great pressure. Measures have already been implemented to strengthen our competitiveness as well as to fortify our position to be a reliable and long term manufacturing partner.

Through expansion of the manufacturing facilities and the efforts of our management, Lavender Garment Limited, our garment factory in Bangladesh, recorded a similar level of profit in the year under review despite the continuously rising costs in operation. Through continuous expansion of its manufacturing facilities and providing professional procurement services to our clients, management expects the performance in 2013/14 can be sustained.

Our investments in the jointly controlled entities in Wuxi had a difficult year which resulted in a loss, despite the improved result in the second half of the year. Management, however, expects the following year to be profitable provided that the cotton prices will not fluctuate adversely.

## **OUTLOOK**

Although the United States market has improved slightly, European economies remain sluggish and additionally the economy in China has slowed down. We are in the process of restructuring our manufacturing facilities in China but will continue to expand in Bangladesh and other low-cost areas such as Myanmar. Overall, the garment business remains difficult. Our investments in the jointly controlled entities in Wuxi are expected to improve their results in the coming year.

## **GARMENT BUSINESS**

YangtzeKiang Garment Limited and Hong Kong Knitters Limited are the two names that we use to operate our garment business. We manufacture a wide variety of products that included 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 all garment businesses including manufacturing, trading and sourcing. We have factories in China (Guigang and Panyu), and Bangladesh. Besides Hong Kong, we also have offices in many parts of China (Panyu, Dongguan, Hangzhou, Wuxi and Shanghai) and Myanmar which not only provide supports to our own factories, but also liaise with our subcontractors and business partners there.

In fiscal year 2012/13, our factory in Guigang (Guangxi, China) successfully replaced our Panyu factories as our main production base for woven pants. In the coming year, we plan to move our production of knitted wears to Guigang as well. After that, our Panyu operation will become a liaison center, a center for samples production as well as providing technical and management supports to our factories in Guigang, our subcontractors and business partners.

Lavender Garment Limited, our factory in Bangladesh, had a very busy year in 2012/13, and was able to maintain the same profit level. Management expects expansion of the factory's capacity was able to mitigate the difficulties caused by Taka's appreciation and salary increase in Bangladesh. Management is of the opinion that there is a good prospect for the coming year, provided the Bangladesh government could gain back the buyers' confidence soon enough after the disasters happened there and also whether the workers' demand for higher wages could be dealt with amicably.

## **OTHER BUSINESS**

Wuxi No. 1 Cotton Investment Co., Ltd. in which we have a 49% shareholding is a jointly controlled entity 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. During the year under review, the Wuxi Group faced the difficulties in divergence of domestic and international cotton prices, with domestic prices higher than international market by 25% - 30%. Management responded with changes in product mix and cotton purchase strategy, which resulted in the turn around in second half of the year. Overall, its results for the year still ended with a loss. Various productivity enhancements and cost-saving measures have been implemented. Barring severely adverse cotton price fluctuation, the following year is expected to be profitable.

## **LIQUIDITY AND FINANCIAL POSITION**

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

As at 31 March 2013, the cash and bank balances of the Group were approximately HK\$270,015,000 (2012: HK\$149,227,000). As at 31 March 2013 and 2012, the Group did not have any short term borrowings 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 and bank borrowings are denominated in Hong Kong dollars, United States dollars, Euros, 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 2013, the Group has foreign exchange contracts hedging forecast transactions with a net fair value of HK\$52,000 (2012: HK\$Nil), recognised as derivative financial assets.

## **PLEDGE OF ASSETS**

As at 31 March 2013, none of the assets of the Group was pledged.

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 31 March 2013, the Group, including its subsidiaries but excluding its associates and jointly controlled entities, employed approximately 4,200 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 had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2013.

#### **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company has complied throughout the year ended 31 March 2013 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

#### **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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

#### **AUDIT COMMITTEE**

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

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and the consolidated financial statements of the Group for the year ended 31 March 2013.

#### **ANNUAL GENERAL MEETING**

The annual general meeting of the shareholders of the Company will be held on Friday, 6 September 2013 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 2013 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board  
**Yangtzekiang Garment Limited**  
**Chan Sui Kau**  
*Chairman*

Hong Kong, 21 June 2013

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