Investor

Investment Service Centre

Listed Companies Information

YANGTZEKIANG<00294> - Results Announcement

Yangtzekiang Garment Limited announced on 16/12/2005:

(stock code: 00294)

Year end date: 31/03/2006

Currency: HKD

Auditors' Report: N/A

Interim report reviewed by: Audit Committee

	Note	(Unaudited) Current Period from 01/04/2005 to 30/09/2005 ($)	(Unaudited) Last Corresponding Period from 01/04/2004 to 30/09/2004 ($)
Turnover		: 753,585,000	806,226,000
Profit/(Loss) from Operations		: 27,409,000	44,715,000
Finance cost		: (17,602,000)	(15,422,000)
Share of Profit/(Loss) of Associates		: (3,225,000)	(8,415,000)
Share of Profit/(Loss) of Jointly Controlled Entities		: N/A	N/A
Profit/(Loss) after Tax & MI		: 3,034,000	14,071,000
% Change over Last Period		: -78 %	
EPS/(LPS)-Basic (in dollars)		: 0.014	0.098
-Diluted (in dollars)		: N/A	N/A
Extraordinary (ETD) Gain/(Loss)		: N/A	N/A
Profit/(Loss) after ETD Items		: 3,034,000	14,071,000
Interim Dividend per Share		: Nil	2 cents
(Specify if with other		: N/A	N/A

options)

B/C Dates for
Interim Dividend : N/A
Payable Date : N/A
B/C Dates for (-)
General Meeting : N/A
Other Distribution for : N/A
Current Period

B/C Dates for Other
Distribution : N/A

Remarks:

1. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of new and revised HKFRSs that are effective or available for early adoption for accounting periods beginning on or after 1st January, 2005. The Board has determined the accounting policies expected to be adopted in the preparation of the Group's annual financial statements for the year ending 31st March, 2006, on the basis of HKFRSs currently in issue.

The HKFRSs that will be effective or are available for voluntary early adoption in the annual financial statements for the year ending 31st March, 2006 may be affected by the issue of additional interpretations or other changes announced by the HKICPA subsequent to the date of issuance of this interim financial report. Therefore the policies that will be applied in the Group's financial statements for that period cannot be determined with certainty at the date of issuance of this interim financial report.

The following sets out further information on the changes in accounting policies for the annual accounting period beginning on 1st April, 2005 which have been reflected in the interim financial report.

a) Employee share option scheme (HKFR2, Share-based payment)

In prior years, no amounts were recognized when employees (which term includes Directors) were granted share options over shares in the company. If the employees chose to exercise the options, the nominal amount of share capital and share premium were credited only to the extent of the option's exercise price receivable.

With effect from 1st April, 2005, in order to comply with HKFRS 2, the Group recognizes the fair value of such share options as an expense in the income statement, or as an asset, if the cost qualifies for recognition as an asset under the Group's accounting policies. A corresponding increase is recognized in a capital reserve within equity.

Where the employees are required to meet vesting conditions before they become entitled to the options, the Group recognizes the fair value of the options granted over the vesting period. Otherwise, the Group recognizes the fair value in the period in which the options are granted.

If an employee chooses to exercise options, the related capital reserve is transferred to share capital and share premium, together with the exercise price. If the options lapse unexercised the related capital reserve is transferred directly to retained earnings.

The new accounting policy is required to be applied retrospectively with comparatives restated in accordance with HKFRS 2.

The change in policy had no effect on the interim financial report as there were no options existed at 1st April, 2005 or granted during the six month periods ended 30th September, 2005.

b) Investment properties (HKAS 40, Investment property, and HK(SIC) Interpretation 21, Income taxes - Recovery of revalued non-depreciable assets)

- Timing of recognition of movements in fair value in the income statement

In prior years, movements in the fair value of the Group's investment properties were recognized directly in the investment properties revaluation reserve except when, on a portfolio basis, the reserve was insufficient to cover a deficit on the portfolio, or when a deficit previously recognized in the income statement had reversed, or when an individual investment property was disposed of. In these limited circumstances, movements in the fair value were recognized in the income statement.

Upon adoption of HKAS 40 as from 1st April, 2005, all changes in the fair value of investment properties are recognized directly in the income statement in accordance with the fair value model in HKAS 40.

These changes in accounting policy have been adopted retrospectively by increasing the opening balance of retained earnings as of 1st April, 2005 and 1st April, 2004 to include all of the group's previous investment properties revaluation reserve.

At 30th September, 2005, the Directors have considered the carrying amount of the Group's investment properties carried at revalued amounts and estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognized in the Period.

- Measurement of deferred tax on movements in fair value

In prior years, the Group was required to apply the tax rate that would be applicable upon the sale of investment properties to determine whether any deferred tax should be recognized on the revaluation of investment properties. As there would have been no tax payable on the disposal of the Group's investment properties, no deferred tax in respect of the investment properties was provided in prior years.

As from 1st April, 2005, in accordance with HK(SIC) Interpretation 21, the Group recognizes deferred tax on movements in the value of an investment property using tax rates that are applicable to the property's use, if the Group has no intention to sell it and the property would have been depreciable had the Group not adopted the fair value model.

c) Leasehold land and buildings held for own use (HKAS 17, Leases)

In prior years, leasehold land and buildings held for own use or under construction were included in property, plant and equipment and stated at revalued amounts or cost less accumulated depreciation and accumulated impairment losses. Movements of revaluation surpluses or deficits were normally taken to the fixed assets revaluation reserve.

With adoption of HKAS 17 as from 1st April, 2005, the leasehold interest in the land held for own use is accounted for as being held under an operating lease where the fair value of the interest in any buildings situated on the leasehold land could be separately identified from the fair value of the leasehold interest in the land at the time the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later. The prepaid land lease payments are amortized on a straight-line basis over the lease term. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

This change in accounting policy has had no effect on the condensed consolidated income statement and retained earnings. The comparatives on the condensed consolidated balance sheet for the year ended 31st March, 2005 have been restated to reflect the reclassification of leasehold land.

d) Financial instruments (HKAS 32, Financial instruments: Disclosure and presentation and HKAS 39, Financial instruments: Recognition and measurement)

In prior years, the accounting policies for certain financial instruments were as follows:

- trading securities were stated in the balance sheet at fair value and changes in fair value were recognized in the consolidated income statement as they arose;

- other non-current investments were stated in the balance sheet at fair value with changes in fair value recognized in the investment revaluation reserve; and

- derivative financial instruments entered into by management were recognized on a cash basis.

With effect from 1st April, 2005, and in accordance with HKAS 39, the following new accounting policies have been adopted for the financial instruments mentioned above:

- All trading securities are carried at fair value. Changes in fair value are recognized in the income statement as they arise.

- All non-trading investments are classified as available-for-sale securities and carried at fair value. Changes in fair value are recognized in equity, unless there is objective evidence that an individual investment has been impaired. If there is objective evidence than an individual investment has been impaired, any amount held in the investment revaluation reserve in respect of the investment is transferred to the income statement in the period in which the impairment is identified. Any subsequent increase in the fair value of available-for-sale securities is recognized directly in equity.

An exception to the above relates to equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured. These are measured at cost (less impairment loss, if any) until such time, if ever, that a reliable fair value becomes available. At this point, such investments should be carried at fair value in the same way as other available-for-sale securities.

- All derivative financial instruments entered into by the Group are stated at fair value. Changes in the fair value of derivatives are recognized in the income statement.

e) Amortization of positive and negative goodwill (HKFRS 3, Business combinations and HKAS 36, Impairment of assets)

In prior years:

- positive or negative goodwill which arose prior to 1st January, 2001 was taken directly to reserves at the time it arose, and was not recognized in the income statement until disposal or impairment of the acquired business;

- positive goodwill which arose on or after 1st January, 2001 was amortized on a straight-line basis over its useful life and was subject to impairment testing when there were indications of impairment; and

- negative goodwill which arose on or after 1st January, 2001 was amortized over the weighted average useful life of the depreciable/ amortizable non-monetary assets acquired, except to the extent it related to identified expected future losses as at the date of acquisition. In such cases it was recognized in the income statement as those expected losses were incurred.

With effect from 1st April, 2005, in accordance with HKFRS 3 and HKAS 36, the Group no longer amortizes positive goodwill. Such goodwill is tested annually for impairment, including in the year of its initial recognition, as well as when there are indications of impairment. Impairment losses are recognized when the carrying amount of the cash generating unit to which the goodwill has been allocated exceeds its recoverable amount.

Also with effect from 1st April, 2005 and in accordance with HKFRS 3, if the fair value of the net assets acquired in a business combination exceeds the consideration paid (i.e. an amount arises which would have been known as negative goodwill under the previous accounting policy), the excess is recognized immediately in the income statement as it arises.

The new policy in respect of positive goodwill has been applied prospectively in accordance with the transitional arrangements under HKFRS 3. As a result, comparative amounts have not been restated, the cumulative amount of amortisation as at 1st April, 2005 has been offset against the cost of the goodwill and no amortisation charge for goodwill has been recognised in the income statement for the six months ended 30th September, 2005.

Also in accordance with the transitional arrangements under HKFRS 3, goodwill which had previously been taken directly to reserve (i.e.

goodwill which arose before 1st January, 2001) will not be recognised in the income statement on disposal or impairment of the acquired business, or under any other circumstances.

f) Minority interest (HKAS 1, Presentation of financial statements and HKAS 27, Consolidated and separate financial statements)

In prior years, minority interests at the balance sheet date were presented in the consolidated balance sheet separately from liabilities and as a deduction from net assets. Minority interests in the results of the Group for the year were also separately presented in the consolidated income statement as a deduction before arriving at the profit attributable to shareholders.

With effect from 1st April, 2005, in order to comply with HKAS 1 and HKAS 27, minority interests at the balance sheet date are presented in the consolidated balance sheet within equity, separately from the equity attributable to shareholders of the Company, and minority interests in the results of the Group for the period are presented on the face of the consolidated income statement as an allocation of the total profit or loss for the period between the minority interests and the shareholders of the Company.

The presentation of minority interests in the consolidated balance sheet, consolidated income statement and consolidated statements of changes in equity for the comparative period has been restated accordingly.

(g) Summary of the effect of changes in the accounting policies

For the period ended 30th September, 2005

(i) Effect on opening balance of total equity at 1st April, 2005 (as adjusted)

The following table sets out the adjustments that have been made to the opening balances at 1st April, 2005. These are the aggregate effect of retrospective adjustments to the net assets as at 31st March, 2005 and the opening balance adjustments made as at 1st April, 2005.

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Effect of new policy (increase/(decrease))	Note	Retained earnings	properties revaluation reserve	Total	Minority interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Prior period adjustment:						
HKAS 40 Investment properties	1(b)	32,280	(34,373)	(2,093)	-	(2,093)
Opening balance adjustment: HKFRS 3 Goodwill	1(e)	34,180	-	34,180	-	34,180
Total effect at 1st April, 2005		66,460	(34,373)	32,087	-	32,087

(ii) Effect on opening balance of total equity at 1st April, 2004 (as adjusted)

The following table sets out only those adjustments that have been made to the opening balances at 1st April, 2004. As explained in notes 1(a), (d) and (e), certain of the changes in policy did not result in retrospective adjustments being made to the opening balances as at 1st April, 2004 as this was prohibited by the relevant transitional provisions.

Retained earnings	Investment properties revaluation reserve	Total	Minority interests	Total equity

	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
HKAS 40					
Investment properties 1(b)	28,833	(30,793)	(1,960)	-	(1,960)
Total effect at 1st April, 2004	28,833	(30,793)	(1,960)	-	(1,960)

(iii) Effect on profit after taxation for the six months ended 30th September, 2005 (estimated) and 30th September, 2004 (as adjusted)

In respect of the six month period ended 30th September, 2005, the following table provides estimates of the extent to which the profits for that period are higher or lower than they would have been had the previous policies still been applied in their interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30th September, 2004, the table discloses the adjustments that have been made to the profits as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs. As retrospective adjustments have not been made for all changes in policies, as explained in notes 1(a), (d) and (e), the amounts shown for the six month period ended 30th September, 2004 may not be comparable to the amounts shown for the current interim period.

	Six months ended 30th September, 2005			Six months ended 30th September, 2004		
	Equity holders of the parent	Minority interests	Total	Equity holders of the parent	Minority interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Effect of new policy						

(increase/(decrease)) Note

HKFRS 3

Goodwill 1(e)

(4,338) - (4,338) - - -

Total effect for the period

(4,338) - (4,338) - - -

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Effect on earnings per share:

- basic (0.02) -

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(iv) Effect on net income recognized directly in equity for the six months ended 30th September, 2005 (estimated) and 30th September, 2004 (as adjusted)

In respect of the six month period ended 30th September, 2005, the following table provides estimates of the extent to which the income or expenses recognized directly in equity are higher or lower than they would have been had the previous policies still been applied in the interim period, where it is practicable to make such estimates.

In respect of the six month period ended 30th September, 2004, the table discloses the adjustments that have been made to the net income or expenses as previously reported for that period, in accordance with the transitional provisions of the respective HKFRSs. As retrospective adjustments have not been made for all changes in policies, as explained in note 1(a), (d) and (e), the amounts shown for the six month period ended 30th September, 2004 may not be comparable to the amounts shown for the current interim period.

Six months ended Six months ended

	30th September, 2005			30th September, 2004		
	Equity holders of the parent	Minority interests	Total	Equity holders of the parent	Minority interests	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Effect of new policy (increase/(decrease)) Note						
HKAS 39						
Interest rate swap 1(d)	2,557	-	2,557	-	-	-
Total effect for the period	2,557	-	2,557	-	-	-

2. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to the equity holders of the parent of $3,034,000 (2004: $ 14,071,000) and on the weighted average number of 210,368,688 shares (2004: 143,050,708 shares after adjusting for the rights issue in 2005) in issue during the period.

Diluted earnings per share for the periods ended 30th September, 2005 and 30th September, 2004 have not been presented as no dilutive potential ordinary shares were outstanding during the period.