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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 2024

The Board of Directors of Yangtzekiang Garment Limited (“the Company”) hereby announces the consolidated results of the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interests in joint ventures for the year ended 31 March 2024 together with comparative figures for the corresponding period and selected explanatory information as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 March 2024

(Expressed in Hong Kong dollars)

	<i>Note</i>	2024 \$'000	2023 <i>\$'000</i>
Revenue	3&4	234,302	365,761
Cost of sales		<u>(189,849)</u>	<u>(294,064)</u>
Gross profit		44,453	71,697
Other net income	5	20,691	12,486
Selling and distribution expenses		(23,966)	(23,368)
Administrative expenses		(29,610)	(31,412)
Other operating expenses	6(c)	<u>(10,915)</u>	<u>(10,665)</u>
Profit from operations		653	18,738
Finance costs	6(a)	(865)	(1,600)
Share of losses of joint ventures		(39,615)	(39,198)
Net valuation (losses)/gains on investment properties	10	<u>(11,844)</u>	<u>1,562</u>
Loss before taxation	6	(51,671)	(20,498)
Income tax credits/(expenses)	7	<u>3,499</u>	<u>(2,751)</u>
Loss for the year		<u><u>(48,172)</u></u>	<u><u>(23,249)</u></u>
Attributable to:			
Equity shareholders of the Company		<u><u>(48,172)</u></u>	<u><u>(23,249)</u></u>
Loss per share			
Basic and diluted	9	<u><u>(\$0.23)</u></u>	<u><u>(\$0.11)</u></u>

Details of dividends payable to equity shareholders of the Company attributable to the year are set out in note 8(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the year ended 31 March 2024***(Expressed in Hong Kong dollars)*

	2024	2023
<i>Note</i>	<i>\$'000</i>	<i>\$'000</i>
Loss for the year	(48,172)	(23,249)
Other comprehensive income for the year (after tax and reclassification adjustments)		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Equity investments at fair value through other comprehensive income: net movement in the investment revaluation reserve (non-recycling)	(1,468)	(347)
Surplus on revaluation of land and buildings transferred to investment property	-	1,459
	<u>(1,468)</u>	<u>1,112</u>
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of:		
- financial statements of subsidiaries outside Hong Kong	(6,068)	(2,908)
- share of joint ventures' net assets	<u>(25,091)</u>	<u>(34,565)</u>
	(31,159)	(37,473)
Release of exchange reserve upon deregistration of a subsidiary	(63)	-
Release of exchange reserve upon disposal of subsidiaries	-	1,936
	<u>(32,690)</u>	<u>(34,425)</u>
Other comprehensive income for the year		
	<u>(80,862)</u>	<u>(57,674)</u>
Total comprehensive income for the year	(80,862)	(57,674)
Attributable to:		
Equity shareholders of the Company	<u>(80,862)</u>	<u>(57,674)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2024

(Expressed in Hong Kong dollars)

	Note	2024 \$'000	2023 \$'000
Non-current assets			
Investment properties	10	225,714	238,933
Other property, plant and equipment		38,948	41,907
Interest in leasehold land held for own use		935	1,045
		<u>265,597</u>	<u>281,885</u>
Intangible assets		2,187	2,605
Interests in joint ventures		450,660	515,923
Other financial assets		18,153	19,824
		<u>736,597</u>	<u>820,237</u>
Current assets			
Inventories		8,030	16,318
Trade and other receivables	11	45,328	50,693
Bank deposits		115,517	128,099
Cash and cash equivalents		188,987	178,074
		<u>357,862</u>	<u>373,184</u>
Current liabilities			
Trade and other payables	12	35,703	36,190
Contract liabilities		1,983	4,588
Lease liabilities		99	74
Current tax payable		11,103	14,730
Provision for employee benefits		-	299
		<u>48,888</u>	<u>55,881</u>
Net current assets		<u>308,974</u>	<u>317,303</u>
Total assets less current liabilities		<u>1,045,571</u>	<u>1,137,540</u>
Non-current liabilities			
Provision for employee benefits		10,388	13,752
Lease liabilities		65	-
Deferred tax liabilities		11,930	15,603
		<u>22,383</u>	<u>29,355</u>
NET ASSETS		<u>1,023,188</u>	<u>1,108,185</u>
CAPITAL AND RESERVES			
Share capital		208,418	208,418
Reserves		814,770	899,767
TOTAL EQUITY		<u>1,023,188</u>	<u>1,108,185</u>

NOTES:

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2024 and 2023 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 March 2023, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) ("Companies Ordinance") is as follows:

The financial statements for the year ended 31 March 2024 have yet to be reported on by the Company's auditor and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 March 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company's auditor has reported on these financial statements for the year ended 31 March 2023. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The consolidated financial statements of the Group for the year ended 31 March 2024 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") and the requirements of the Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules"). In addition, this announcement has been reviewed by the Company's audit committee.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties, investments in equity securities and derivative financial instruments are stated at their fair values.

2. CHANGES IN ACCOUNTING POLICIES

(a) New and amended HKFRSs

The Group has applied the following new and amended HKFRSs issued by the HKICPA to this financial result for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements* and HKFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this financial result announcement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) *New HKICPA guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism*

In June 2022, the Hong Kong SAR (the “Government”) gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “Amendment Ordinance”), which will come into effect from 1 May 2025 (the “Transition Date”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund (“MPF”) scheme to reduce the long service payment (“LSP”) in respect of an employee’s service from the Transition Date (the abolition of the “offsetting mechanism”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides guidance on the accounting considerations relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from its mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

However, applying this approach, upon the enactment of the Amendment Ordinance in June 2022, it is no longer permissible to apply the practical expedient in paragraph 93(b) of HKAS 19 that previously allowed such deemed contributions to be recognised as reduction of service cost (negative service cost) in the period the contributions were made; instead these deemed contributions should be attributed to periods of service in the same manner as the gross LSP benefit.

The Group has assessed the implications of this new guidance and concluded that it does not have a material impact on these financial statements.

3. REVENUE

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

Revenue represents the invoiced value of goods supplied to customers, processing service income and rental income. Disaggregation of revenue by category is analysed as follows:

	2024	2023
	\$'000	\$'000
Under the scope of HKFRS 15, Revenue from contracts with customers:		
- Manufacture and sale of garments	227,960	353,327
- Manufacture and sale of textiles	119	4,987
- Processing service income	687	1,449
	<u>228,766</u>	<u>359,763</u>
Under the scope of HKFRS 16, Leases:		
Gross rentals from investments properties	<u>5,536</u>	<u>5,998</u>
	<u>234,302</u>	<u>365,761</u>

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

The Group’s customer base is diversified. For the year ended 31 March 2024, revenues of approximately \$65,021,000 (2023: \$53,668,000) is derived from two (2023: one) external customers with whom transactions have exceeded 10% of the Group’s revenue. These revenues are attributable to the sales of garments.

4. SEGMENT REPORTING

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

- Manufacture and sale of garments and textiles: this segment covers the manufacture and sale of garment and textile products, and provision of garment processing services.
- Interests in joint ventures: the Group's joint ventures engage in the manufacture and sale of textile yarn products.
- Property leasing: this segment leases commercial and industrial premises to generate rental income.

(a) Segment results, assets and liabilities

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

Manufacture and sale of garments and textiles and property leasing segments

Segment assets include all assets with the exception of intangible assets, other financial assets, deferred tax assets, current tax recoverable and other corporate assets. Segment liabilities include all liabilities managed directly by the segments with the exception of current tax payable, deferred tax liabilities and other corporate liabilities.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit/loss is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and finance cost and "depreciation and amortisation" is regarded as including impairment losses on non-current assets, depreciation and amortisation. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as net valuation gains/losses on investment properties, auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and finance costs from cash balances and borrowings managed directly by the segments, depreciation, amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Interests in joint ventures

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 March 2024 and 2023 is set out below:

	Manufacture and sale of garments and textiles		Interests in joint ventures		Property leasing		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Revenue from external customers	228,766	359,763	-	-	5,536	5,998	234,302	365,761
Inter-segment revenue	-	-	-	-	930	1,053	930	1,053
Reportable segment revenue	228,766	359,763	-	-	6,466	7,051	235,232	366,814
Reportable segment (loss)/profit (adjusted EBITDA)	(10,469)	13,087	(39,615)	(39,198)	5,870	6,611	(44,214)	(19,500)
Interest income	11,203	4,254	-	-	-	-	11,203	4,254
Finance costs	(865)	(1,600)	-	-	-	-	(865)	(1,600)
Depreciation and amortisation	(2,924)	(3,530)	-	-	-	-	(2,924)	(3,530)
(Impairment losses)/reversal of impairment losses on trade receivables	(1,585)	1,873	-	-	-	-	(1,585)	1,873
Bad debt written off	-	(33)	-	-	-	-	-	(33)
Recovery of bad debt	750	-	-	-	-	-	750	-
Release of lease liabilities upon early termination of leases	-	203	-	-	-	-	-	203
Reportable segment assets	397,472	415,796	450,660	515,923	267,301	293,325	1,115,433	1,225,044
Additions to non-current segment assets during the year	350	6,692	-	-	-	-	350	6,692
Reportable segment liabilities	47,672	52,066	-	-	-	-	47,672	52,066

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

	2024	2023
	\$'000	\$'000
Revenue		
Reportable segment revenue	235,232	366,814
Elimination of inter-segment revenue	<u>(930)</u>	<u>(1,053)</u>
Consolidated revenue	<u>234,302</u>	<u>365,761</u>
Loss		
Reportable segment loss derived from the Group's external customers (adjusted EBITDA)	(44,214)	(19,500)
Finance costs	(865)	(1,600)
Interest income	11,203	4,254
Depreciation and amortisation	(2,924)	(3,530)
Net valuation (losses)/gains on investment properties	(11,844)	1,562
Release of lease liabilities upon early termination of leases	-	203
Net gain on disposal of subsidiaries	-	1,683
Unallocated head office and corporate expenses	<u>(3,027)</u>	<u>(3,570)</u>
Consolidated loss before taxation	<u>(51,671)</u>	<u>(20,498)</u>
Assets		
Reportable segment assets	1,115,433	1,225,044
Elimination of inter-segment assets	<u>(41,587)</u>	<u>(54,392)</u>
	1,073,846	1,170,652
Intangible assets	2,187	2,605
Other financial assets	18,153	19,824
Unallocated head office and corporate assets	<u>273</u>	<u>340</u>
Consolidated total assets	<u>1,094,459</u>	<u>1,193,421</u>
Liabilities		
Reportable segment liabilities	47,672	52,066
Current tax payable	11,103	14,730
Deferred tax liabilities	11,930	15,603
Unallocated head office and corporate liabilities	<u>566</u>	<u>2,837</u>
Consolidated total liabilities	<u>71,271</u>	<u>85,236</u>

(c) **Geographic information**

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment properties, other property, plant and equipment, interest in leasehold land held for own use, intangible assets and interests in joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties, other property, plant and equipment and interest in leasehold land held for own use, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interests in joint ventures.

	Revenue from external customers		Specified non-current assets	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
Hong Kong (place of domicile)	<u>10,738</u>	<u>10,095</u>	<u>234,775</u>	<u>247,844</u>
Europe				
- United Kingdom	61,646	82,561	-	-
- Italy	1,885	35,091	-	-
- Spain	31,797	35,080	-	-
- Germany	33,361	79,282	-	-
- Other European countries	4,368	11,241	-	-
Mainland China	2,895	5,323	483,669	552,569
North America				
- United States	31,985	54,992	-	-
- Canada	3,256	2,882	-	-
Others	52,371	49,214	-	-
	<u>223,564</u>	<u>355,666</u>	<u>483,669</u>	<u>552,569</u>
	<u>234,302</u>	<u>365,761</u>	<u>718,444</u>	<u>800,413</u>

5. **OTHER NET INCOME**

	2024 \$'000	2023 \$'000
Interest income	11,203	4,254
Scrap income	839	1,301
Net gain/(loss) on forward foreign exchange contracts	223	(341)
Net exchange gain/(loss)	176	(976)
Release of lease liabilities upon early termination of leases	-	203
Management fee income	780	780
Dividend income from equity securities	533	515
Net gain on disposals of other property, plant and equipment	127	462
Net claim income	887	927
Loss on disposal of intangible assets	(323)	-
Net gain on disposal of subsidiaries	-	1,683
Sundry income	6,246	3,678
	<u>20,691</u>	<u>12,486</u>

6. LOSS BEFORE TAXATION

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

	2024	2023
	\$'000	\$'000
(a) Finance costs:		
Interest on bank advances (including bank charges)	860	1,584
Interest on lease liabilities	5	16
	<u>865</u>	<u>1,600</u>
(b) Staff costs:		
In 2023, the Group received Government subsidies of HK\$2,600,000, being the wage subsidies under the Employment Support Scheme. The said amount had recognised as a deduction of the staff costs included in cost of sales, selling and distribution expenses and administrative expenses during the year ended 31 March 2023.		
(c) Other operating expenses:		
Impairment losses/(reversal of impairment losses) on trade receivables	1,585	(1,873)
Bad debt written off	-	33
Recovery of bad debt	(750)	-
Auditors' remuneration		
- audit services	1,401	1,431
- other services	344	448
Security fee	1,387	1,458
Insurance	1,236	1,492
Consultancy fee	842	835
Repair and maintenance fee	1,342	1,036
Other taxes and surcharges	1,364	1,768
Legal and professional fee	221	135
Motor vehicle expenses	523	555
Membership fee	474	494
Business and other registration fees	343	386
Amortisation of intangible assets	95	95
Donation	12	10
Sundry expenses	496	2,362
	<u>10,915</u>	<u>10,665</u>
(d) Other items:		
Cost of inventories	189,849	294,064
Depreciation charges		
- owned property, plant and equipment	623	667
- right-of-use assets	2,206	2,768

7. INCOME TAX (CREDITS)/EXPENSES

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

	2024	2023
	\$'000	\$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	-	2,496
Over-provision in respect of prior years	(25)	-
	<u>(25)</u>	<u>2,496</u>
Current tax – Overseas		
Credits for the year	(456)	(946)
Deferred tax		
Origination and reversal of temporary differences	(3,018)	1,201
	<u>(3,499)</u>	<u>2,751</u>
Income tax (credits)/expenses	<u>(3,499)</u>	<u>2,751</u>

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2024 as the Company and its Hong Kong subsidiaries sustained losses for taxation purpose during the year.

The provision for Hong Kong Profits Tax for 2023 was calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2023, except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime. For this subsidiary, the first \$2 million of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%.

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

8. DIVIDENDS

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

	2024 \$'000	2023 \$'000
Final dividend proposed after the end of the reporting period of \$0.02 (2023: \$0.02) per ordinary share	<u>4,135</u>	<u>4,135</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2024 \$'000	2023 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year of \$0.02 (2023: \$0.02) per ordinary share	<u>4,135</u>	<u>4,135</u>

9. LOSS PER SHARE

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of \$48,172,000 (2023: loss of \$23,249,000) and the weighted average number of 206,748,000 (2023: 206,748,000) ordinary shares in issue during the year.

(b) Diluted loss per share

The diluted loss per share is the same as the basic loss per share as there were no dilutive potential ordinary shares in existence during the years ended 31 March 2024 and 2023.

10. INVESTMENT PROPERTIES

During the year ended 31 March 2024, the Group recognised net valuation losses of approximately \$11,844,000 (2023: gains of \$1,562,000) on its investment properties.

11. TRADE AND OTHER RECEIVABLES

	2024 \$'000	2023 \$'000
Trade debtors	40,242	41,489
Bills receivable	1,554	2,169
Less: loss allowance	<u>(3,290)</u>	<u>(1,750)</u>
	38,506	41,908
Deposits, prepayments and other debtors	6,462	8,624
Amounts due from related companies	137	161
Derivative financial instruments	<u>223</u>	<u>-</u>
	<u>45,328</u>	<u>50,693</u>

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

The amounts due from related companies are unsecured, interest-free and recoverable on demand except for those trade related items under normal trade terms.

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	<i>\$'000</i>	<i>\$'000</i>
Within 1 month	12,011	11,490
Over 1 month but within 2 months	8,160	4,043
Over 2 months but within 3 months	4,088	10,557
Over 3 months but within 4 months	6,104	7,651
Over 4 months	8,143	8,167
	38,506	41,908

Trade debtors and bills receivable are due between 0 to 180 days (2023: 0 to 180 days) from the date of billing.

12. TRADE AND OTHER PAYABLES

	2024	2023
	<i>\$'000</i>	<i>\$'000</i>
Trade creditors	14,195	14,724
Bills payable	-	455
	14,195	15,179
Accrued charges and other creditors	21,241	20,590
Derivative financial instruments	-	341
Amounts due to related companies	254	67
Amounts due to joint ventures	13	13
	35,703	36,190

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

The amounts due to related companies and joint ventures are unsecured, interest-free and repayable on demand except for those trade related items under normal trade terms.

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

	2024	2023
	<i>\$'000</i>	<i>\$'000</i>
Within 1 month	6,132	11,217
Over 1 month but within 2 months	4,856	1,291
Over 2 months but within 3 months	2,157	291
Over 3 months	1,050	2,380
	14,195	15,179

DIVIDENDS

The Board resolved to recommend the payment of a final dividend of HK2 cents (2023: HK2 cents) per ordinary share in respect of the year ended 31 March 2024 at the forthcoming annual general meeting of the Company to be held on 27 September 2024. The aggregate final dividend amounting to HK\$4,135,00 (2023: HK\$4,135,000), if approved by the shareholders, is expected to be paid on or around 23 October 2024.

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 24 September 2024 to 27 September 2024 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for the right to attend and vote at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company share registrar, Computershare Hong Kong Investor Services Limited, which is located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, not later than 4:30 p.m. on Monday, 23 September 2024.

The register of members of the Company will also be closed from 8 October 2024 to 14 October 2024 (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 23 October 2024 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 Monday, 7 October 2024.

BUSINESS REVIEW AND PROSPECTS

Revenue of the Group for the year 2023/24 under review was HK\$234,302,000 (2022/23: HK\$365,761,000) and the overall result was a loss of HK\$48,172,000 (2022/23: a loss of HK\$23,249,000).

Although we recorded a substantial overall loss, the Company still maintained a small operation profit. However, this operating profit was mainly due to a sizable interest income derived from our healthy cash position. The main reasons for our overall loss were caused by the recognition of the losses of our joint ventures in Wuxi No. 1 Cotton Investment Co., Ltd. in China as well as fair value losses arising from the revaluation of the Group's investment properties on Tai Yau Street. These losses nevertheless do not impact our Company's cash position.

OUTLOOK

Garment manufacturing business remains challenging. We expect business to be further weakened by the unstable global political and economical situations. Results of our Wuxi joint venture will also be uncertain.

GARMENT BUSINESS

YangtzeKiang Garment Limited and Hong Kong Knitters Limited are the two names that we use to operate our garment business. We manufacture a wide variety of products that include men's and ladies' shirts, trousers, shorts, polo shirts, T-shirts, jackets and knitted outerwear, etc. Hong Kong is our Group's headquarters that handles our core garment businesses including manufacturing, trading and sourcing. In addition to our fully owned factory in China (Panyu), we are also working in partnership with many factories in Myanmar, Bangladesh, Vietnam, Indonesia and Cambodia serving the needs of our customers worldwide. Besides Panyu where we have factory, we also have office in Hangzhou China. This office not only provides supports to our own factory, but also monitors and collaborates with our subcontractors and business partners around the area.

Signs of quick recovery in the garment business are yet to show. All the adverse factors mentioned above still linger in our industry. As a result, buyers are more cautious than ever in prices and quantities when placing their orders. Our sale teams will stay alert with the market demands and will strive to tackle all the difficulties to improve our sales performance. Hopefully by doing so we could maintain our garment business with a profitable margin.

Our China factory is operating under the name of Exquisite Knitters (Guangzhou) Limited. Due to a drop of garment orders and labor dismissal compensation, the factory's result was less favourable compared with previous year. As garment orders are expected to drop further and the factory has to provide for further redundancy reserve, the management is pessimistic of its results for the coming year.

OTHER BUSINESS

Wuxi No. 1 Cotton Investment Co., Ltd. in which we have a 49% shareholding is a joint venture that owns several textiles related companies in Wuxi, China (“Wuxi Group”). The core business of the Wuxi Group is the production of medium range to high end yarns. The Group ended the financial year 2023/24 with a substantial loss caused by weak market, both export and domestic, rising costs, hefty stock provisions for increased ageing slow moving stock as well as impairment charge of fixed assets at overseas subsidiary operations. Since these adverse factors that impacted profitability would likely to continue to the next financial year, the management is pessimistic of its result for year to come.

LIQUIDITY AND FINANCIAL POSITION

During the year under review, the Group’s operations continued to be mainly financed by the internal resources.

As at 31 March 2024, the aggregated cash and cash equivalents and bank deposits of the Group were approximately HK\$304,504,000 (2023: HK\$306,173,000). As at 31 March 2024 and 2023, the Group did not have any short term and long term borrowings.

The Group adopts a prudent policy to hedge the fluctuation of foreign exchange rates. As most of the Group’s sales, purchases, cash and bank balances are denominated in Hong Kong dollars, United States dollars, Euros, Pounds Sterling or Renminbi, the Group may enter into forward foreign exchange contracts to hedge its committed future sales denominated in the above foreign currencies against the exchange rate fluctuation when the exposure is significant. As at 31 March 2024, the Group has forward foreign exchange contracts hedging forecast transactions with net fair value of HK\$223,000 (assets) (2023: HK\$341,000 (liabilities)), recognised as derivative financial instruments.

PLEDGE OF ASSETS

As at 31 March 2024, none of the assets of the Group was pledged.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2024, the Group, including its subsidiaries but excluding its joint ventures, employed approximately 277 employees. Remuneration packages are determined by reference to employees’ performance and the prevailing salary levels in the market. In addition, the Group provides year end double pay, provident fund scheme, medical insurance and training to staff.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year ended 31 March 2024.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 March 2024 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.

SCOPE OF WORK OF KPMG

The financial figures in respect of Group’s consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2024 as set out in the preliminary announcement have been compared by the Company’s auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group’s draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by the auditor.

AUDIT COMMITTEE

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

The audit committee of the Company has reviewed with management the accounting principles and practices adopted by the Group and the draft consolidated financial statements of the Group for the year ended 31 March 2024.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of the Company will be held on Friday, 27 September 2024 and the Notice of annual general meeting will be published and dispatched to the shareholders in due course.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk and the website of the Company at www.ygm.com.hk under "Results Announcement". The annual report for the year ended 31 March 2024 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board
Yangtzekiang Garment Limited
Chan Wing Fui, Peter
Chairman

Hong Kong, 18 June 2024

As at the date of this announcement, the Board consists of six executive directors, namely Mr. Chan Wing Fui, Peter, Mr. Chan Wing Kee, Mr. Chan Wing To, Madam Chan Suk Man, Mr. Chan Wing Sun, Samuel, and Madam Chan Suk Ling, Shirley and three independent non-executive directors, namely Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.