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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 2021

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 2021 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 2021

(Expressed in Hong Kong dollars)

	<i>Note</i>	2021 \$'000	2020 \$'000
Revenue	3&4	420,475	656,212
Cost of sales		<u>(349,117)</u>	<u>(545,142)</u>
Gross profit		71,358	111,070
Other income	5	11,729	10,994
Selling and distribution expenses		(36,938)	(43,823)
Administrative expenses		(48,822)	(57,721)
Other operating expenses	6(c)	<u>(19,784)</u>	<u>(17,154)</u>
(Loss)/profit from operations		(22,457)	3,366
Finance costs	6(a)	(3,594)	(4,248)
Share of profits/(losses) of joint ventures		6,433	(24,295)
Impairment losses on other property, plant and equipment	7	(11,063)	(14,627)
Net valuation gains/(losses) on investment properties	11	<u>1,727</u>	<u>(10,616)</u>
Loss before taxation	6	(28,954)	(50,420)
Income tax credit/(expenses)	8	303	(366)
Loss for the year		<u>(28,651)</u>	<u>(50,786)</u>
Attributable to:			
Equity shareholders of the Company		(27,822)	(51,009)
Non-controlling interests		<u>(829)</u>	223
Loss for the year		<u>(28,651)</u>	<u>(50,786)</u>
Loss per share			
Basic and diluted	10	<u>(\$0.13)</u>	<u>(\$0.25)</u>

Details of dividends payable to equity shareholders of the Company attributable to the year are set out in note 9(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**For the year ended 31 March 2021***(Expressed in Hong Kong dollars)*

	2021 \$'000	2020 \$'000
Loss for the year	<u>(28,651)</u>	<u>(50,786)</u>
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)	<u>(383)</u>	<u>(44)</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	6,123	(5,034)
- share of joint ventures' net assets	<u>35,556</u>	<u>(32,673)</u>
	41,679	(37,707)
Release of exchange reserve upon deregistration of subsidiaries	<u>-</u>	<u>(1,052)</u>
Other comprehensive income for the year	<u>41,296</u>	<u>(38,803)</u>
Total comprehensive income for the year	<u><u>12,645</u></u>	<u><u>(89,589)</u></u>
Attributable to:		
Equity shareholders of the Company	13,475	(90,270)
Non-controlling interests	<u>(830)</u>	<u>681</u>
Total comprehensive income for the year	<u><u>12,645</u></u>	<u><u>(89,589)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

(Expressed in Hong Kong dollars)

	Note	2021 \$'000	2020 \$'000
Non-current assets			
Investment properties	11	233,718	229,989
Other property, plant and equipment		46,821	58,487
Interest in leasehold land held for own use		1,196	1,154
		<u>281,735</u>	<u>289,630</u>
Intangible assets		2,795	2,890
Interests in joint ventures		527,699	488,657
Other financial assets		19,541	19,878
Prepayments for other property, plant and equipment		3,993	-
		<u>835,763</u>	<u>801,055</u>
Current assets			
Inventories		22,140	51,245
Trade and other receivables	12	101,076	119,181
Current tax recoverable		1,500	378
Cash at bank and in hand		266,085	272,451
		<u>390,801</u>	<u>443,255</u>
Current liabilities			
Trade and other payables	13	53,321	73,150
Contract liabilities		6,762	4,745
Lease liabilities		1,920	4,099
Current tax payable		12,715	7,340
		<u>74,718</u>	<u>89,334</u>
Net current assets		<u>316,083</u>	<u>353,921</u>
Total assets less current liabilities		<u>1,151,846</u>	<u>1,154,976</u>
Non-current liabilities			
Provision for long service payments		18,619	24,339
Lease liabilities		5,178	13,864
Deferred tax liabilities		14,666	16,035
		<u>38,463</u>	<u>54,238</u>
NET ASSETS		<u>1,113,383</u>	<u>1,100,738</u>
CAPITAL AND RESERVES			
Share capital		208,418	208,418
Reserves		906,623	893,148
Total equity attributable to equity shareholders of the Company		<u>1,115,041</u>	<u>1,101,566</u>
Non-controlling interests		<u>(1,658)</u>	<u>(828)</u>
TOTAL EQUITY		<u>1,113,383</u>	<u>1,100,738</u>

NOTES:

(Expressed in Hong Kong dollars)

1. BASIS OF PREPARATION

The financial information relating to the years ended 31 March 2021 and 2020 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 2020, 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 2021 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 2020 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 2020. 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 2021 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 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.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2021 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditors on this announcement.

2. CHANGES IN ACCOUNTING POLICIES

The Group has applied the amendment to HKFRS 16, *Covid-19-Related Rent Concessions*, issued by the HKICPA to these financial statements for the current accounting period.

Other than the amendment to HKFRS 16, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendment to HKFRS 16, Covid-19-Related Rent Concessions

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred. There is no impact on the opening balance of equity at 1 April 2020.

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:

	2021 \$'000	2020 \$'000
Under the scope of HKFRS 15,		
<i>Revenue from contracts with customers:</i>		
- Manufacture and sale of garments	371,696	600,227
- Manufacture and sale of textiles	5,288	7,080
- Processing service income	37,759	42,801
	<u>414,743</u>	<u>650,108</u>
Under the scope of HKFRS 16, Leases:		
Gross rentals from investments properties	<u>5,732</u>	<u>6,104</u>
	<u>420,475</u>	<u>656,212</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 2021, revenues of approximately \$78,557,000 and \$53,848,000 (2020: \$121,266,000 and \$105,830,000) are derived from two (2020: two) external customers with whom transactions have exceeded 10% of the Group's revenue. These revenues are attributable to the sales of garments.

The Group applies the practical expedient in paragraph 121 of HKFRS 15 and does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations arising from contracts with customers in existence at the reporting date that had an original expected duration of one year or less.

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. 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 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 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 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 2021 and 2020 is set out below:

	Manufacture and sale of garments and textiles		Interests in joint ventures		Property leasing		Total	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Revenue from external customers	414,743	650,108	-	-	5,732	6,104	420,475	656,212
Inter-segment revenue	-	-	-	-	1,088	1,088	1,088	1,088
Reportable segment revenue	414,743	650,108	-	-	6,820	7,192	421,563	657,300
Reportable segment (loss)/profit (adjusted EBITDA)	(28,072)	7,599	6,433	(24,295)	6,505	6,690	(15,134)	(10,006)
Interest income	1,049	3,250	-	-	-	-	1,049	3,250
Finance costs	(3,594)	(4,248)	-	-	-	-	(3,594)	(4,248)
Depreciation and amortisation	(5,427)	(8,816)	-	-	-	-	(5,427)	(8,816)
Impairment losses on other property, plant and equipment	(11,063)	(14,627)	-	-	-	-	(11,063)	(14,627)
Impairment losses on trade receivables	(8,234)	(3,040)	-	-	-	-	(8,234)	(3,040)
Release of lease liabilities upon early termination of leases	8,269	-	-	-	-	-	8,269	-
Reportable segment assets	435,732	501,518	527,699	488,657	305,127	300,429	1,268,558	1,290,604
Additions to non-current segment assets during the year	3,295	4,411	-	-	-	-	3,295	4,411
Reportable segment liabilities	82,536	117,466	-	-	-	-	82,536	117,466

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

	2021 \$'000	2020 \$'000
Revenue		
Reportable segment revenue	421,563	657,300
Elimination of inter-segment revenue	<u>(1,088)</u>	<u>(1,088)</u>
Consolidated revenue	<u>420,475</u>	<u>656,212</u>
Loss		
Reportable segment loss derived from the Group's external customers (adjusted EBITDA)	(15,134)	(10,006)
Finance costs	(3,594)	(4,248)
Interest income	1,049	3,250
Depreciation and amortisation	(5,427)	(8,816)
Impairment losses on other property, plant and equipment	(11,063)	(14,627)
Net valuation gains/(losses) on investment properties	1,727	(10,616)
Release of lease liabilities upon early termination of leases	8,269	-
Unallocated head office and corporate expenses	<u>(4,781)</u>	<u>(5,357)</u>
Consolidated loss before taxation	<u>(28,954)</u>	<u>(50,420)</u>
Assets		
Reportable segment assets	1,268,558	1,290,604
Elimination of inter-segment assets	<u>(71,409)</u>	<u>(70,439)</u>
	1,197,149	1,220,165
Intangible assets	2,795	2,890
Other financial assets	19,541	19,878
Current tax recoverable	1,500	378
Unallocated head office and corporate assets	<u>5,579</u>	<u>999</u>
Consolidated total assets	<u>1,226,564</u>	<u>1,244,310</u>
Liabilities		
Reportable segment liabilities	82,536	117,466
Current tax payable	12,715	7,340
Deferred tax liabilities	14,666	16,035
Unallocated head office and corporate liabilities	<u>3,264</u>	<u>2,731</u>
Consolidated total liabilities	<u>113,181</u>	<u>143,572</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	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Hong Kong (place of domicile)	<u>33,153</u>	<u>43,323</u>	<u>244,406</u>	<u>244,727</u>
Europe				
- United Kingdom	62,522	76,073	-	-
- Italy	91,030	133,504	-	-
- Spain	39,365	50,158	-	-
- Germany	80,145	106,702	-	-
- Other European countries	12,876	17,933	-	-
Mainland China	21,298	41,131	566,993	524,856
North America				
- United States	34,243	105,830	-	-
- Canada	3,412	12,350	-	-
Others	<u>42,431</u>	<u>69,208</u>	<u>830</u>	<u>11,594</u>
	<u>387,322</u>	<u>612,889</u>	<u>567,823</u>	<u>536,450</u>
	<u>420,475</u>	<u>656,212</u>	<u>812,229</u>	<u>781,177</u>

5. **OTHER INCOME**

	2021 \$'000	2020 \$'000
Interest income	1,049	3,250
Scrap income	1,765	1,918
Net gain on forward foreign exchange contracts	162	1,352
Net exchange (loss)/gain	(4,948)	1,267
Release of lease liabilities upon early termination of leases	8,269	-
Government grants	820	875
Management fee income	804	804
Write-off of aged payables	5	563
Dividend income from equity securities	500	501
Net gain on disposals of other property, plant and equipment	1,193	24
Net claim expenses	(1,359)	(1,937)
Sundry income	3,469	2,377
	<u>11,729</u>	<u>10,994</u>

6. LOSS BEFORE TAXATION

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

	2021 \$'000	2020 \$'000
(a) Finance costs:		
Interest on bank advances (including bank charges)	2,428	2,578
Interest on lease liabilities	1,166	1,670
	<u>3,594</u>	<u>4,248</u>
(b) Staff costs:		
During the year ended 31 March 2021, the Group received Government subsidies of HK\$8,026,000 (2020: nil), being the wage subsidies under the Employment Support Scheme. The said amount has recognised as a deduction of the staff costs included in cost of sales, selling and distribution expenses and administrative expenses during the year.		
(c) Other operating expenses:		
Impairment losses on trade receivables	8,234	3,040
Auditors' remuneration		
- audit services	1,522	1,770
- other services	501	502
Security fee	1,654	1,687
Insurance	1,500	1,646
Consultancy fee	851	1,308
Repair and maintenance fee	890	1,052
Other taxes and surcharges	1,085	977
Legal and professional fee	320	883
Motor vehicle expenses	854	864
Membership fee	536	862
Business and other registration fees	379	505
Amortisation of intangible assets	95	95
Donation	20	25
Recovery of receivables written off in prior years	-	(998)
Sundry expenses	1,343	2,936
	<u>19,784</u>	<u>17,154</u>
(d) Other items:		
Cost of inventories	349,117	545,142
Depreciation charge		
- owned property, plant and equipment	1,382	1,406
- right-of-use assets	3,950	7,315

7. IMPAIRMENT LOSSES

During the year ended 31 March 2021, a subsidiary of the Company engaged in garment manufacturing in Myanmar which constituted a single cash generating unit ("CGU") of the Group.

This subsidiary recorded operating losses which indicated the other property, plant and equipment belong to this subsidiary might has been impaired. As such, the Group assessed the recoverable amount of the other property, plant and equipment of the subsidiary as at 31 March 2021. As a result, the carrying amount of the other property, plant and equipment of the subsidiary was fully written down. Accordingly, an impairment loss of \$11,063,000 was recognised in profit or loss for the year ended 31 March 2021. The estimate of recoverable amount was based on value-in-use calculation which adopted a discount rate of 22.0%. The discount rate used was pre-tax and reflect specific risks relating to the subsidiary.

During the year ended 31 March 2020, the Group had two garment manufacturing plants in Guigang, China and Bangladesh which suffered operating losses. Each of them constituted a single cash generating unit of the Group.

The Group assessed the recoverable amounts of the other property, plant and equipment of each CGU as at 31 March 2020 based on the value-in-use calculations and as a result, the carrying amounts of the other property, plant and equipment of both CGUs were fully written down. Accordingly, an impairment loss of \$14,627,000 was recognised in profit or loss for the year ended 31 March 2020. The estimates of recoverable amounts were based on value-in-use calculations which adopted discount rates of 19.4% and 11.0%. The discount rates used are pre-tax and reflected specific risks of respective CGUs.

Impairment losses on other property, plant and equipment is recognised in the line item “impairment losses on other property, plant and equipment” on the face of the consolidated statement of profit or loss.

8. INCOME TAX (CREDIT)/EXPENSES

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

	2021 \$'000	2020 \$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	-	1,016
Under-provision in respect of prior years	<u>86</u>	<u>69</u>
	<u>86</u>	<u>1,085</u>
Current tax – Overseas		
Provision/(credit) for the year	<u>1,744</u>	<u>(821)</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(2,133)</u>	<u>102</u>
Income tax (credit)/expenses	<u><u>(303)</u></u>	<u><u>366</u></u>

No provision for Hong Kong Profits Tax has been made for the year ended 31 March 2021 as the Company and its Hong Kong subsidiaries sustained losses for taxation purpose during the year.

The provision for Hong Kong Profits Tax for 2020 was calculated at 16.5% of the estimated assessable profits for the year ended 31 March 2020, 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.

9. DIVIDENDS

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

The Board has resolved not to declare the payment of final dividend for the year ended 31 March 2021 (2020: nil).

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

	2021 \$'000	2020 \$'000
Final dividend in respect of the previous financial year, approved and paid during the year of \$nil (2020: \$0.12) per ordinary share	<u>-</u>	<u>24,810</u>

10. 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 \$27,822,000 (2020: \$51,009,000) and the weighted average number of 206,748,000 (2020: 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 2021 and 2020.

11. INVESTMENT PROPERTIES

During the year ended 31 March 2021, the Group recognised net valuation gains of approximately \$1,727,000 (2020: losses of \$10,616,000) on its investment properties.

12. TRADE AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Trade debtors	65,855	57,954
Bills receivable	35,718	48,075
Less: loss allowance	<u>(11,216)</u>	<u>(6,586)</u>
	90,357	99,443
Deposits, prepayments and other debtors	10,373	17,404
Amounts due from related companies	184	982
Derivative financial instruments	<u>162</u>	<u>1,352</u>
	<u>101,076</u>	<u>119,181</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:

	2021 \$'000	2020 \$'000
Within 1 month	29,294	46,335
Over 1 month but within 2 months	23,562	24,278
Over 2 months but within 3 months	25,924	17,331
Over 3 months but within 4 months	8,153	6,297
Over 4 months	<u>3,424</u>	<u>5,202</u>
	<u>90,357</u>	<u>99,443</u>

Trade debtors and bills receivable are due between 0 to 180 days (2020: 0 to 330 days) from the date of billing.

13. TRADE AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
Trade creditors	21,334	40,406
Bills payable	<u>-</u>	<u>708</u>
	21,334	41,114
Accrued charges and other creditors	31,796	31,799
Amounts due to related companies	178	224
Amounts due to joint ventures	<u>13</u>	<u>13</u>
	<u>53,321</u>	<u>73,150</u>

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

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:

	2021 \$'000	2020 \$'000
Within 1 month	11,396	24,823
Over 1 month but within 2 months	5,847	4,741
Over 2 months but within 3 months	1,615	4,023
Over 3 months	<u>2,476</u>	<u>7,527</u>
	<u>21,334</u>	<u>41,114</u>

DIVIDENDS

The Board has resolved not to declare the payment of final dividend for the year ended 31 March 2021 (2020: nil).

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 14 September 2021 to 17 September 2021 (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, 13 September 2021.

BUSINESS REVIEW AND PROSPECTS

Revenue of the Group for the current year of 2020/21 was HK\$420,475,000 (2019/20: HK\$656,212,000) and the overall result was a loss of HK\$28,651,000 (2019/20: a loss of HK\$50,786,000).

Revenue of the year under review was 36% less than the previous year, and our core garment business recorded an operating loss. However the overall losses of the Company had reduced 44% comparing with last year's. This is mainly due to our Wuxi investment being profitable as well as the government's wage subsidy program.

Our core garment business suffered an operational loss due to a huge drop of our export business as well as losses from bad debts. The Covid-19 pandemic worldwide as well as the U.S. – China trade conflicts brought about these unsatisfactory results.

The two main reasons that affected our core garment business as mentioned above also affected our manufacturing operations in China for the year under review. Since many of our garments are produced for the American market, the U.S.-China trade conflicts continues to have negative impact on our factory there.

Our factory in Bangladesh in the year under review incurred a loss. The Covid-19 pandemic forced our factory to close down twice in the year and caused great disruption to our production. Our new factory there is expected to commence operation by the end of year 2021 and we hope the new and more modern setup will bring us more profit in the future.

Our operation in Myanmar was not only affected by the Covid-19 pandemic but also by the political unrests started in early 2021 resulting in business losses and interruption of our production. The management is currently reviewing the situation there.

Our Wuxi investment had turned profitable in the year under review. Our yarn business had been doing exceptionally well as many customers preferred placing orders in China where Covid-19 virus had been successfully contained comparing to other yarn producing countries in Asia. However, due to the Covid-19 pandemic and political unrests, our investment in Ethiopia was operating much below capacity and resulting in losses.

OUTLOOK

The Covid-19 pandemic had lingered on for more than a year and has impacted negatively on our business and production. However, with the vigorous implementation of Covid-19 vaccination in the U.S. and Europe where many of our customers are from, we expect our garment export business to improve in the coming year. We also expect Wuxi spinning factory to continue improving their results. Hopefully international travel will resume which will help us to consolidate and better manage our overseas business and manufacturing facilities.

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 wholly-owned factories in China (Panyu), Bangladesh and Myanmar, we are also working with many factories in Vietnam, Indonesia and Cambodia serving the needs of our customers worldwide. Besides Hong Kong and places where we have factories, we also have offices in other parts of China (Dongguan and Hangzhou). These offices not only provide supports to our own factories, but also monitor and liaise with our subcontractors and business partners around these areas.

The year under review was again a difficult year for our core garment business. The Covid-19 pandemic continued to cause widespread destruction to global economies. The trade war between the U.S. and China exacerbated the already difficult time for our garment business. Some of our customers, like many others, were forced to close down their operations either temporary or permanently and some even went bankrupt, left us with bad debts.

Our China factories operating under the names of Exquisite Knitters (Guangzhou) Limited and Whampoa Garment Manufacturing (Guigang) Co., Ltd. continued to incur losses for the year under review. The Covid-19 pandemic and the trade conflicts between the U.S. and China had affected our business for both the overseas and domestic markets. We closed down our Guigang factory in October 2020 under these circumstances. The social security subsidies granted by the Chinese government that had eased our operation pressure in 2020-21 would no longer be available for the coming year. As the Covid-19 pandemic continues to haunt the global markets, and there is no sign of improvement on the U.S. - China trade relations plus the drop of our local garment business, the management is pessimistic of our performance in China in the coming year.

The Covid-19 pandemic caused our Bangladesh factory - Lavender Garment Limited to stop operating for 50 days in the year under review. Because of the lapse of time, the overall performance of our workers dropped which resulted in low efficiency, late deliveries and etc. This not only increased our operating costs but also cancellation of orders. Another temporary shut down of our factory in April 2021 due to the lock down of the city would further impair our performance in the coming year. However with the opening of our new factory in the latter half of 2021, the management is hopeful that with the new setup, the operation will turn profitable in the near future.

Our Myanmar's operation – Dagon Talent Garment Limited of which we hold 75% also incurred losses in the year under review mainly due to the Covid-19 pandemic that forced the factory to shut down twice. The political unrests started in early 2021 deter our customers from placing orders. We believe the situation might last for a long period of time, and, therefore, is currently reviewing the feasibility of this operation.

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. With China succeeded in containing the spread of the Covid-19 pandemic, the management saw a significant rebound in business in the second half of the financial year. The factory has made adjustments to its product mix and reduced its inventory. The Ethiopia factory operated substantially below capacity due to the Covid-19 pandemic and recorded negative results which affected the overall performance of our Wuxi investment. The Covid-19 pandemic situation in China is expected to be stable thus benefiting our Wuxi operations. The Ethiopia operation is expected to be uncertain owing to the Covid-19 pandemic and political instability there.

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 2021, the cash and bank balances of the Group were approximately HK\$266,085,000 (2020: HK\$272,451,000). As at 31 March 2021 and 2020, 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 2021, the Group has forward foreign exchange contracts hedging forecast transactions with net fair value of HK\$162,000 (assets) (2020: HK\$1,352,000 (assets)), recognised as derivative financial instruments.

PLEDGE OF ASSETS

As at 31 March 2021, none of the assets of the Group was pledged.

EMPLOYMENT AND REMUNERATION POLICIES

As at 31 March 2021, the Group, including its subsidiaries but excluding its joint ventures, employed approximately 3,200 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.

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 2021.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied throughout the year ended 31 March 2021 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

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

The audit committee of the Company has reviewed with 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 2021.

ANNUAL GENERAL MEETING

The annual general meeting of the shareholders of the Company will be held on Friday, 17 September 2021 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 2021 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, 29 June 2021

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.