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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 INTERIM RESULTS**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023**

The Board of Directors of Yangtzekiang Garment Limited (“**the Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries (together referred to as “**the Group**”) and the Group’s interests in joint ventures for the six months ended 30 September 2023 as follows. The interim results have not been audited, but have been reviewed by the Company’s Audit Committee.

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
**For the six months ended 30 September 2023 – unaudited**  
*(Expressed in Hong Kong dollars)*

		<b>Six months ended 30 September</b>	
		<b>2023</b>	<b>2022</b>
	<i>Note</i>	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3 & 4	<b>98,153</b>	199,522
Cost of sales		<u><b>(78,120)</b></u>	<u>(159,901)</u>
<b>Gross profit</b>		<b>20,033</b>	39,621
Other income		<b>8,433</b>	2,841
Selling and distribution expenses		<b>(11,584)</b>	(12,447)
Administrative expenses		<b>(15,449)</b>	(16,728)
Other operating expenses	5(c)	<u><b>(4,096)</b></u>	<u>(5,183)</u>
<b>(Loss)/profit from operations</b>		<b>(2,663)</b>	8,104
Finance costs	5(a)	<b>(278)</b>	(1,069)
Share of (losses)/profits of joint ventures		<b>(14,948)</b>	754
Net valuation gains on investment properties	9(c)	<u><b>222</b></u>	<u>1,733</u>
<b>(Loss)/profit before taxation</b>	5	<b>(17,667)</b>	9,522
Income tax expenses	6	<u><b>(700)</b></u>	<u>(1,701)</u>
<b>(Loss)/profit for the period</b>		<u><u><b>(18,367)</b></u></u>	<u><u>7,821</u></u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<u><u><b>(18,367)</b></u></u>	<u><u>7,821</u></u>
<b>(Loss)/earnings per share</b>			
Basic and diluted	8	<u><u><b>(\$0.09)</b></u></u>	<u><u>\$0.04</u></u>

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

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME**

**For the six months ended 30 September 2023 – unaudited**

*(Expressed in Hong Kong dollars)*

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(Loss)/profit for the period</b>	<b>(18,367)</b>	<b>7,821</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
<i>Item 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>(1,777)</u>	<u>(2,881)</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	<u>(6,430)</u>	<u>(10,541)</u>
- share of joint ventures' net assets	<u>(30,555)</u>	<u>(60,593)</u>
	<u>(36,985)</u>	<u>(71,134)</u>
Other comprehensive income for the period	<u>(38,762)</u>	<u>(74,015)</u>
<b>Total comprehensive income for the period</b>	<b><u>(57,129)</u></b>	<b><u>(66,194)</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b><u>(57,129)</u></b>	<b><u>(66,194)</u></b>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**At 30 September 2023 – unaudited**

*(Expressed in Hong Kong dollars)*

		At 30 September 2023 \$'000	At 31 March 2023 \$'000
	<i>Note</i>		
<b>Non-current assets</b>			
Investment properties	9	237,659	238,933
Other property, plant and equipment	9	40,098	41,907
Interest in leasehold land held for own use		957	1,045
		<u>278,714</u>	<u>281,885</u>
Intangible assets		2,558	2,605
Interests in joint ventures		469,818	515,923
Other financial assets		17,849	19,824
		<u>768,939</u>	<u>820,237</u>
<b>Current assets</b>			
Inventories		25,438	16,318
Trade and other receivables	10	61,502	50,693
Bank deposits		221,631	128,099
Cash and cash equivalents		74,842	178,074
		<u>383,413</u>	<u>373,184</u>
<b>Current liabilities</b>			
Trade and other payables	11	58,044	36,190
Contract liabilities		6,378	4,588
Lease liabilities		96	74
Current tax payable		14,000	14,730
Provision for employee benefits		-	299
		<u>78,518</u>	<u>55,881</u>
<b>Net current assets</b>		<u>304,895</u>	<u>317,303</u>
<b>Total assets less current liabilities</b>		<u>1,073,834</u>	<u>1,137,540</u>
<b>Non-current liabilities</b>			
Provision for employee benefits		11,214	13,752
Lease liabilities		114	-
Deferred tax liabilities		15,585	15,603
		<u>26,913</u>	<u>29,355</u>
<b>NET ASSETS</b>		<u>1,046,921</u>	<u>1,108,185</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		208,418	208,418
Reserves		838,503	899,767
<b>TOTAL EQUITY</b>		<u>1,046,921</u>	<u>1,108,185</u>

Notes:  
(Expressed in Hong Kong dollars)

## 1. BASIS OF PREPARATION

This interim financial results have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) (the “Listing Rules”), including compliance with Hong Kong Accounting Standard (“HKAS”) 34 *Interim financial reporting*, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). It was authorised for issue on 29 November 2023.

The interim financial results have been prepared in accordance with the same accounting policies adopted in the annual financial statements of the Group for the year ended 31 March 2023, except for the accounting policy changes that are expected to be reflected in the annual financial statements of the Group for the year ending 31 March 2024. Details of these changes in accounting policies are set out in note 2.

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

The interim financial results contain consolidated statement of financial position as at 30 September 2023 and the related consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the six months period then ended and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements of the Group for the year ended 31 March 2023. This interim financial results do not include all of the information required for a full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The interim financial results are unaudited, but have been reviewed by the Company’s Audit Committee.

The financial information relating to the financial year ended 31 March 2023 that is included in the interim financial results as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

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 section 406(2), 407(2) or (3) of the Companies Ordinance.

## 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 interim financial results for the current accounting period:

- HKFRS 17, *Insurance contracts*
- 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 interim 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 Government of 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 eventually abolish the statutory right of an employer to reduce its long service payment (“LSP”) and severance payment payable to a Hong Kong employee by drawing on its mandatory contributions to the mandatory provident fund (“MPF”) scheme (also known as the “offsetting mechanism”). The Government has subsequently announced that the Amendment Ordinance will come into effect from 1 May 2025 (the “Transition Date”). Separately, the Government is also expected to introduce a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee’s service from the Transition Date. However, where an employee’s employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee’s service up to that date; 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, upon the enactment of the Amendment Ordinance in June 2022, entities can no longer apply the practical expedient in paragraph 93(b) of HKAS 19 to recognise such deemed contributions as reduction of current service cost in the period the related service is rendered, and any impact from ceasing to apply the practical expedient is recognised as a catch-up adjustment in profit or loss with a corresponding adjustment to the LSP liability in the financial statements for the year ended 31 March 2023.

In this interim financial results and in prior periods, consistent with the HKICPA guidance the Group has been accounting 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 employee contributions towards the LSP, which is consistent with the above-mentioned practical expedient.

The Group has assessed the implications of this new guidance on the above accounting policies and has decided to change those accounting policies to conform with the guidance. The management has commenced the processes on implementing the change including additional data collection and impact assessment. However, the impact of the change is not reasonably estimable at the time this interim financial results is authorised for issue, as the Group has yet to fully complete its assessment of the impact of the HKICPA guidance. The Group expects to adopt this guidance with retrospective application in its annual financial statements for the year ending 31 March 2024.

### 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:

	<b>Six months ended 30 September</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Under the scope of HKFRS 15,</b>		
<i>Revenue from contracts with customers:</i>		
- Manufacture and sale of garments	<b>94,865</b>	190,161
- Manufacture and sale of textiles	<b>117</b>	4,952
- Processing service income	<b>401</b>	1,406
	<u><b>95,383</b></u>	<u>196,519</u>
<b>Under the scope of HKFRS 16, Leases:</b>		
Gross rentals from investments properties	<u><b>2,770</b></u>	<u>3,003</u>
	<u><b>98,153</b></u>	<u>199,522</u>

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

### 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) **Information about profit or loss, assets and liabilities**

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

	<b>Manufacture and sale of garments and textiles</b>		<b>Interests in joint ventures</b>		<b>Property leasing</b>		<b>Total</b>	
	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022	<b>2023</b>	2022
	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000	<b>\$'000</b>	\$'000
<b>For the six months ended 30 September</b>								
Revenue from external customers	<b>95,383</b>	196,519	-	-	<b>2,770</b>	3,003	<b>98,153</b>	199,522
Inter-segment revenue	-	-	-	-	<b>492</b>	544	<b>492</b>	544
<b>Reportable segment revenue</b>	<b><u>95,383</u></b>	<u>196,519</u>	<b><u>-</u></b>	<u>-</u>	<b><u>3,262</u></b>	<u>3,547</u>	<b><u>98,645</u></b>	<u>200,066</u>
<b>Reportable segment (loss)/profit (adjusted EBITDA)</b>	<b><u>(8,100)</u></b>	<u>7,202</u>	<b><u>(14,948)</u></b>	<u>754</u>	<b><u>2,916</u></b>	<u>3,262</u>	<b><u>(20,132)</u></b>	<u>11,218</u>
	<b>30 September 2023</b>	31 March 2023	<b>30 September 2023</b>	31 March 2023	<b>30 September 2023</b>	31 March 2023	<b>30 September 2023</b>	31 March 2023
<b>Reportable segment assets</b>	<b>424,082</b>	415,796	<b>469,818</b>	515,923	<b>292,053</b>	293,325	<b>1,185,953</b>	1,225,044
Additions to non-current segment assets during the period	<b>8</b>	6,692	-	-	-	-	<b>8</b>	6,692
<b>Reportable segment liabilities</b>	<b><u>75,239</u></b>	<u>52,066</u>	<b><u>-</u></b>	<u>-</u>	<b><u>-</u></b>	<u>-</u>	<b><u>75,239</u></b>	<u>52,066</u>

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 on investment properties, auditors' remuneration and other head office or corporate administration costs.

**(b) Reconciliations of reportable segment profit or loss**

	Six months ended 30 September	
	2023 \$'000	2022 \$'000
Reportable segment (loss)/profit derived from Group's external customers (adjusted EBITDA)	(20,132)	11,218
Finance costs	(278)	(1,069)
Interest income	5,225	886
Depreciation and amortisation	(1,533)	(1,927)
Net valuation gains on investment properties	222	1,733
Unallocated head office and corporate expenses	(1,171)	(1,319)
Consolidated (loss)/profit before taxation	<u>(17,667)</u>	<u>9,522</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 and 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	
	Six months ended 30 September		30 September	31 March
	2023 \$'000	2022 \$'000	2023 \$'000	2023 \$'000
Hong Kong (place of domicile)	5,890	5,454	246,709	247,844
Europe				
- United Kingdom	23,350	43,351	-	-
- Italy	788	32,950	-	-
- Spain	11,128	12,513	-	-
- Germany	15,234	45,628	-	-
- Other European countries	1,665	5,328	-	-
Mainland China	1,988	1,490	504,381	552,569
North America				
- United States	9,759	24,018	-	-
- Canada	2,008	1,230	-	-
Others	26,343	27,560	-	-
	<u>92,263</u>	<u>194,068</u>	<u>504,381</u>	<u>552,569</u>
	<u>98,153</u>	<u>199,522</u>	<u>751,090</u>	<u>800,413</u>

## 5. (LOSS)/PROFIT BEFORE TAXATION

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

	Six months ended 30 September	
	2023	2022
	\$'000	\$'000
<b>(a) Finance costs</b>		
Interest on bank advances (including bank charges)	277	1,055
Interest on lease liabilities	1	14
	<u>278</u>	<u>1,069</u>
<b>(b) Other items</b>		
Depreciation		
- owned property, plant and equipment	108	510
- right-of-use assets	1,378	1,370
Dividends income and interest income	(5,758)	(1,401)
Gain on disposal of other property, plant and equipment	(133)	(27)
	<u>(133)</u>	<u>(27)</u>
<b>(c) Other operating expenses</b>		
Other taxes and surcharges	734	1,122
Auditors' remuneration	820	870
Insurance	658	852
Security fee	691	794
Repair and maintenance	685	583
Consultancy fee	412	408
Motor vehicle expenses	272	376
Legal and professional fee	127	113
Amortisation of intangible assets	47	47
Sundry expenses	953	1,795
Recovery of receivables written off in prior years	(1,303)	(1,777)
	<u>(1,303)</u>	<u>(1,777)</u>
	<u>4,096</u>	<u>5,183</u>

*Note:*

For the six months ended 30 September 2022, government subsidy from Government's Employment Support Scheme was included in cost of sales, selling and distribution expenses and administrative expenses on the face of the consolidated statement of profit or loss. There is no unfulfilled conditions or contingencies relating to this subsidy.

## 6. INCOME TAX

Income tax in the consolidated statement of profit or loss represents:

	Six months ended 30 September	
	2023	2022
	\$'000	\$'000
Current tax - Hong Kong Profits Tax	-	409
Current tax - Overseas	-	43
Deferred tax relating to the origination and reversal of temporary differences	700	1,249
	<u>700</u>	<u>1,701</u>

The provision for Hong Kong Profits Tax was calculated by applying the estimated annual effective tax rate of 16.5% to the six months ended 30 September 2022.

During the six months ended 30 September 2022, there was one subsidiary of the Group which was 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.

## 7. DIVIDENDS

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

No interim dividend declared and paid after the interim period end (2022: nil).

### (b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period:

Final dividend of \$0.02 per ordinary share in respect of the year ended 31 March 2023 amounted to \$4,135,000 was approved in the Company's Annual General Meeting on 22 September 2023. The dividends were paid on 16 October 2023.

Final dividend of \$0.02 per ordinary share in respect of the year ended 31 March 2022 amounted to \$4,135,000 was approved during the period ended 30 September 2022 and paid on 17 October 2022.

## 8. (LOSS)/EARNINGS PER SHARE

### (a) Basic (loss)/earnings per share

The calculation of basic (loss)/earnings per share is based on the loss attributable to ordinary equity shareholders of the Company of \$18,367,000 (2022: profit of \$7,821,000) and the weighted average number of 206,748,000 (2022: 206,748,000) ordinary shares in issue during the period.

### (b) Diluted (loss)/earnings per share

The diluted (loss)/earnings per share is the same as the basic (loss)/earnings per share as there were no dilutive potential ordinary shares in existence during the periods ended 30 September 2023 and 2022.

## 9. INVESTMENT PROPERTIES AND OTHER PROPERTY, PLANT AND EQUIPMENT

### (a) Right-of-use assets

For the six months ended 30 September 2023, the Group entered into a number of lease agreements and therefore recognised the additions to right-of-use assets of \$200,000 (six months ended 30 September 2022: nil).

### (b) Acquisitions and disposal of owned assets

During the six months ended 30 September 2023, the Group acquired items of other property, plant and equipment with a cost of \$8,000 (six months ended 30 September 2022: \$1,449,000). Items of other property, plant and equipment with a net book value of \$21,000 were disposed of during the six months ended 30 September 2023 (six months ended 30 September 2022: \$35,000), resulting in a net gain on disposal of \$133,000 (six months ended 30 September 2022: net gain on disposal of \$27,000).

### (c) Valuation

The valuations of investment properties carried at fair value were updated at 30 September 2023 by the Group's independent valuer using the same valuation techniques as were used by this valuer when carrying out the March 2023 valuations.

As a result of the update, a net valuation gains of \$222,000 (six months ended 30 September 2022: \$1,733,000) has been recognised in profit or loss for the period in respect of investment properties.

## 10. TRADE AND OTHER RECEIVABLES

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:

	30 September 2023 \$'000	31 March 2023 \$'000
Within 1 month	12,151	11,490
Over 1 month but within 2 months	11,122	4,043
Over 2 months but within 3 months	11,877	10,557
Over 3 months but within 4 months	4,737	7,651
Over 4 months	5,649	8,167
Trade debtors and bills receivable	45,536	41,908
Deposits, prepayments and other debtors	15,208	8,624
Amounts due from related companies	168	161
Derivative financial instruments	590	-
	<u>61,502</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.

Trade debtors and bills receivable are due between 0 to 180 days (2022: 0 to 180 days) from the date of billing.

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

## 11. TRADE AND OTHER PAYABLES

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:

	<b>30 September</b>	31 March
	<b>2023</b>	2023
	<b>\$'000</b>	\$'000
Within 1 month	<b>20,860</b>	11,217
Over 1 month but within 2 months	<b>5,543</b>	1,291
Over 2 months but within 3 months	<b>675</b>	291
Over 3 months	<b>1,271</b>	2,380
Trade creditors and bills payable	<b>28,349</b>	15,179
Accrued charges and other creditors	<b>25,262</b>	20,590
Derivative financial instruments	-	341
Dividends payable	<b>4,135</b>	-
Amounts due to related companies	<b>285</b>	67
Amount due to joint ventures	<b>13</b>	13
	<b>58,044</b>	36,190

## INTERIM DIVIDEND

The Board has resolved not to declare the payment of interim dividend for the six months ended 30 September 2023 (2022: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Key Performance Indicators

	<b>Six months ended</b>		
	<b>30 September</b>		
	<b>2023</b>	2022	+/-
	<b>HK\$'000</b>	HK\$'000	Change
Revenue	<b>98,153</b>	199,522	-51%
Gross profit	<b>20,033</b>	39,621	-49%
Gross profit margin	<b>20%</b>	20%	0pp
(Loss)/profit from operations	<b>(2,663)</b>	8,104	-133%
Operating margin	<b>-3%</b>	4%	-7pp
(Loss)/profit attributable to equity shareholders of the Company	<b>(18,367)</b>	7,821	-335%
Net profit margin	<b>-18.7%</b>	3.9%	-23pp
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	<b>(21,081)</b>	11,632	-281%
EBITDA margin	<b>-21%</b>	6%	-27pp
(Loss)/earnings per share - basic	<b>(\$0.09)</b>	\$0.04	-325%

### Business Review and Prospects

For the period under review, our company recorded a loss of HK\$18,367,000 (2022/23 first six months: profit of HK\$7,821,000). Our core garment business revenue had dropped drastically which adversely affected our results. The loss recorded in our jointly owned entity in Wuxi further aggregated the negative results.

Our core garment business showed a loss for the period under review versus a profit for the same period last year. Our revenue was down 51%. The slow recovery of our major markets, the interest hike and the global instability brought about by the Russo-Ukraine conflicts and Israel-Hamas war had affected our sales performance and the management expects this unsatisfactory situation to drag on through the remaining period of this financial year for our core business.

Our China operation had recorded negative results for the period under review as orders for garment and fabrics manufacturing kept on decreasing. With the continuous conflicts between the U.S. and China as well as the slow demand, the management is not optimistic of its performance for the remainder of the year.

Our Wuxi investment recorded losses for the first half of the financial year under review. Though domestic demand recovered gradually compensating the substantial drop in export market, the gross margins remained low, increase in production costs and high material prices had affected the profitability. This unfavorable condition is expected to prevail and impact the profitability of the operation for the remainder of the year.

The second half of the financial year in review will continue to be challenging in view of all the ongoing adverse factors that show no sign of receding. The management will continue to monitor closely the operation and will endeavor to minimize the overall losses.

### **Liquidity and Financial Position**

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

As at 30 September 2023, the aggregated cash and cash equivalents and bank deposits of the Group were approximately HK\$296,473,000 (as at 31 March 2023: HK\$306,173,000). As at 30 September 2023 and 31 March 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 30 September 2023, the Group has forward foreign exchange contracts hedging forecast transactions with net fair value of HK\$590,000 (assets) (as at 31 March 2023: HK\$341,000 (liabilities)), recognised as derivative financial instruments.

### **Pledge of Assets**

As at 30 September 2023, none of the assets of the Group was pledged.

### **Employment and Remuneration Policies**

As at 30 September 2023, the Group, including its subsidiaries but excluding joint ventures, employed approximately of 302 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 period ended 30 September 2023.

### **AUDIT COMMITTEE**

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

The audit committee of the Company has reviewed with the management the accounting principles and practices adopted by the Group and the unaudited interim financial statements of the Group for the period ended 30 September 2023.

### **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has complied throughout the period ended 30 September 2023 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

### **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a Securities Dealing Code regarding director's securities transactions on terms no less exacting than required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 of the Listing Rules. All directors have confirmed, upon specific enquiry by the Company, that they have complied with the required standard set out in the Model Code and the Securities Dealing Code throughout the period under review.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

The results announcement is published on the website of Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of the Company at [www.ygm.com.hk](http://www.ygm.com.hk) under “Results Announcement”. The interim report for the six months ended 30 September 2023 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 November 2023

*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.*