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YGM TRADING LIMITED

(incorporated in Hong Kong with limited liability)
(Stock Code: 00375)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2015

The Board of Directors (the “Board”) of YGM Trading Limited (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the “Group”) and the Group’s interests in associates for the year ended 31 March 2015 together with comparative figures for the corresponding year and selected explanatory notes as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Revenue	3, 4	1,099,994	1,246,262
Cost of sales		(412,619)	(448,345)
Gross profit		687,375	797,917
Other revenue		10,296	24,147
Other net income		3,991	535
Distribution costs		(502,172)	(478,465)
Administrative expenses		(148,187)	(151,797)
Other operating expenses		(896)	(7,281)
Profit from operations		50,407	185,056
Net valuation gains on investment properties		44,950	28,700
Reversal of provision for indemnity liabilities arising from disposal of interest in associate	5(c)	-	30,024
Expenses for separate listing of a subsidiary	5(d)	(4,575)	-
Finance costs	5(a)	(253)	(185)
Profit before taxation	5	90,529	243,595
Income tax	6	(7,804)	(21,945)
Profit for the year		82,725	221,650
Attributable to:			
Equity shareholders of the Company		81,095	218,702
Non-controlling interests		1,630	2,948
Profit for the year		82,725	221,650
Earnings per share	8		
- Basic		\$0.49	\$1.32
- Diluted		\$0.49	\$1.32

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME*(Expressed in Hong Kong dollars unless otherwise indicated)*

	2015	2014
	\$'000	\$'000
Profit for the year	<u>82,725</u>	<u>221,650</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:-		
Exchange differences on translation of financial statements of subsidiaries based outside Hong Kong	<u>(53,087)</u>	<u>12,868</u>
Other comprehensive income for the year	<u>(53,087)</u>	<u>12,868</u>
Total comprehensive income for the year	<u>29,638</u>	<u>234,518</u>
Attributable to:		
Equity shareholders of the Company	<u>28,692</u>	<u>232,055</u>
Non-controlling interests	<u>946</u>	<u>2,463</u>
Total comprehensive income for the year	<u>29,638</u>	<u>234,518</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Hong Kong dollars unless otherwise indicated)

	Note	2015 \$'000	2014 \$'000
Non-current assets			
Investment properties		250,717	139,200
Property, plant and equipment		206,730	102,194
Interests in leasehold land held for own use under operating lease		5,056	5,232
Intangible assets		447,882	447,882
Lease premium		6,636	8,472
Interests in associates		200	200
Other financial assets		306	138
Rental deposits and prepayments		47,123	37,356
Deferred tax assets		59,392	62,357
		1,024,042	803,031
Current assets			
Trading securities		1,625	1,670
Inventories		279,724	236,249
Trade and other receivables	10	134,244	138,591
Current tax recoverable		1,073	2,838
Cash and cash equivalents		188,859	621,455
		605,525	1,000,803
Current liabilities			
Trade and other payables	11	147,898	160,009
Bank overdrafts		12,360	16,803
Current tax payable		7,741	47,642
		167,999	224,454
Net current assets		437,526	776,349
Total assets less current liabilities		1,461,568	1,579,380
Non-current liabilities			
Deferred tax liabilities		5,000	4,909
NET ASSETS		1,456,568	1,574,471
CAPITAL AND RESERVES			
Share capital		383,909	383,909
Other reserves		1,043,214	1,163,276
Total equity attributable to shareholders of the Company		1,427,123	1,547,185
Non-controlling interests		29,445	27,286
TOTAL EQUITY		1,456,568	1,574,471

NOTES:

(Expressed in Hong Kong dollars unless otherwise indicated)

1. Basis of preparation of the financial statements

The consolidated results set out in this announcement do not constitute the Group's statutory financial statements for the year ended 31 March 2015 but are extracted from those financial statements.

The statutory financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that investment properties and trading securities are stated at their fair value.

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2015 have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's 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 HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impact of the adoption of the new or amended HKFRSs are discussed below:

Amendments to HKAS 32, *Offsetting financial assets and financial liabilities*

The amendments to HKAS 32 clarify the offsetting criteria in HKAS 32. The amendments do not have an impact on these financial statements as they are consistent with the policies already adopted by the Group.

Amendments to HKAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to HKAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired assets or cash-generating unit whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on these financial statements as the Group's non-financial assets have not been materially impaired in the current or prior years.

Amendments to HKAS 39, *Novation of derivatives and continuation of hedge accounting*

The amendments to HKAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

3. Revenue

The principal activities of the Group are garment wholesaling, retailing and manufacturing, trademark ownership and licensing, property investment and the provision of security printing and general business forms printing.

Revenue represents the net invoiced value of goods supplied to customers, royalty and related income, income from printing and related services and rental income.

	2015 \$'000	2014 \$'000
Sales of garments	967,043	1,097,576
Royalty and related income	82,807	99,422
Income from printing and related services	45,604	46,353
Gross rentals from investment properties	4,540	2,911
	<u>1,099,994</u>	<u>1,246,262</u>

The Group's customer base is diversified and no individual customer with whom transactions have exceeded 10% of the Group's revenue.

4. Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. 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 resources allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sales of garments: the manufacture, retail and wholesale of garments.
- Licensing of trademarks: the management and licensing of trademarks for royalty income.
- Printing and related services: the manufacture and sale of printed products.
- Property rental: the leasing of properties 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 years ended 31 March 2015 and 2014 is set out below:

	Sales of garments		Licensing of trademarks		Printing and related services		Property rental		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue from external customers	967,043	1,097,576	82,807	99,422	45,604	46,353	4,540	2,911	1,099,994	1,246,262
Inter-segment revenue	-	-	24,087	20,390	689	889	5,226	3,640	30,002	24,919
Reportable segment revenue	<u>967,043</u>	<u>1,097,576</u>	<u>106,894</u>	<u>119,812</u>	<u>46,293</u>	<u>47,242</u>	<u>9,766</u>	<u>6,551</u>	<u>1,129,996</u>	<u>1,271,181</u>
Reportable segment profit (adjusted EBITDA)	<u>35,505</u>	<u>142,838</u>	<u>47,843</u>	<u>56,467</u>	<u>13,851</u>	<u>13,863</u>	<u>1,157</u>	<u>5,660</u>	<u>98,356</u>	<u>218,828</u>
Reportable segment assets	578,227	482,554	707,381	587,264	30,673	33,862	252,459	139,405	1,568,740	1,243,085
Reportable segment liabilities	113,617	232,881	224,374	61,387	4,739	4,632	1,222	626	343,952	299,526

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as share of profits less losses of associates and other head office or corporate administration costs.

(b) *Reconciliation of reportable profit or loss*

	2015	2014
	\$'000	\$'000
Reportable segment profit	98,356	218,828
Elimination of inter-segment profits	<u>(6,576)</u>	<u>(6,269)</u>
Reportable segment profit derived from the Group's external customers	91,780	212,559
Other revenue	3,250	7,682
Other net loss	(812)	(1,249)
Depreciation and amortisation	(35,733)	(29,135)
Net valuation gains on investment properties	44,950	28,700
Reversal of provision for indemnity liabilities	-	30,024
Expenses for separate listing of a subsidiary	(4,575)	-
Finance costs	(253)	(185)
(Impairment losses) / reversal of impairment losses on non-current assets	(39)	146
Unallocated head office and corporate expenses	<u>(8,039)</u>	<u>(4,947)</u>
Consolidated profit before taxation	<u><u>90,529</u></u>	<u><u>243,595</u></u>

5. **Profit before taxation**

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

	2015	2014
	\$'000	\$'000
(a) <i>Finance costs</i>		
Interest on bank overdrafts	<u>253</u>	<u>185</u>
(b) <i>Other items</i>		
Depreciation of property, plant and equipment	35,557	28,958
Amortisation of interests in leasehold land held for own use under operating lease	176	177
Impairment loss / (reversal of impairment loss) on lease premium	39	(146)
Impairment loss on trade debtors	8,304	7,406
Reversal of impairment loss on trade debtors	(9,797)	(4,135)
Cost of inventories	412,619	448,345
Net unrealised loss on trading securities	431	45
Net gain on disposal of other financial assets	(516)	(86)
Net loss on disposal of property, plant and equipment	395	1,204
Bank interest income	(3,238)	(6,927)
Other interest income	(1)	(743)
Dividend income from listed securities	<u>(11)</u>	<u>(11)</u>

(c) *Reversal of provision for indemnity liabilities arising from disposal of interest in associate*

On 26 January 2012, the Group disposed of all its interest in associate, Hang Ten Group Holdings Limited ("HTGH"). Provision for indemnity liabilities were recognised during the year ended 31 March 2013 in relation to a contractual indemnity provided to the acquirer of HTGH if certain events occur with an expiry date at eighteen months from the completion date i.e. 26 July 2013.

Upon the expiry of contractual indemnity on 26 July 2013, there was no indemnity raised by the acquirer of HTGH, a reversal of provision for indemnity liabilities arising from the disposal of interest in associate amounted to \$30,024,000 was recognised in the consolidated statement of profit or loss for the year ended 31 March 2014.

(d) *Expenses for separate listing of a subsidiary*

On 13 April 2015, the Group submitted to The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) to apply for the listing of the shares of HKSP Holdings Limited (“HKSPH”) on The Growth Enterprise Market of the Stock Exchange (“Proposed Spin-off”) by ways of placing of the shares of HKSPH with professional and institutional investors and distribution in specie whereby a portion of the entire issued share capital of HKSPH will be allocated to shareholders of the Group in proportion to their respective shareholding in the Group. HKSPH is wholly owned by the Group and is proposed to comprise an existing subsidiary of the Group which is principally engaged in the printing business. Legal and professional expenses in respect of the Proposed Spin-off totaling HK\$4,575,000 were incurred during the year ended 31 March 2015.

6. Income tax

	2015	2014
	\$'000	\$'000
Current tax - Hong Kong Profits Tax	14,389	23,813
Current tax - Outside Hong Kong	113	2,706
Deferred tax	(6,698)	(4,574)
	<u>7,804</u>	<u>21,945</u>

The provision for Hong Kong Profits Tax for 2015 is calculated at 16.5% (2014: 16.5%) of the estimated assessable profits for the year. Taxation for subsidiaries based outside Hong Kong is charged at the appropriate current rates of taxation ruling in the relevant jurisdiction.

7. Dividends

(a) *Dividends payable to equity shareholders attributable to the year:*

	2015	2014
	\$'000	\$'000
Interim dividend declared and paid of 10 cents (2014: 25 cents) per ordinary share	16,586	41,466
Final dividend proposed after the end of the reporting period of 30 cents (2014: 80 cents) per ordinary share	49,758	132,691
	<u>66,344</u>	<u>174,157</u>

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

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

	2015	2014
	\$'000	\$'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 80 cents (2014: 80 cents) per ordinary share	132,691	132,691

8. Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$81,095,000 (2014: \$218,702,000) and 165,864,000 (2014: 165,864,000) ordinary shares in issue during the year.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of \$81,095,000 (2014: \$218,702,000) and the weighted average number of ordinary shares of 165,871,000 (2014: 165,874,000) shares.

9. Leasehold properties

In June 2014, the Group acquired a leasehold property located in the United Kingdom for a cash consideration of GBP13,880,000 (equivalent to \$181,354,000) and transaction costs of GBP771,000 (equivalent to \$10,077,000). Part of the property acquired with amount of \$78,705,000 is held to earn rental income or for capital appreciation purposes which is classified and accounted for as investment properties using the fair value model.

10. Trade and other receivables

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

	2015	2014
	\$'000	\$'000
Within 1 month	64,831	42,992
1 to 2 months	9,600	5,707
2 to 3 months	510	11,348
Over 3 months	4,128	3,557
Trade debtors, net of allowance for doubtful debts	79,069	63,604
Deposits, prepayments and other receivables	54,377	70,623
Amounts due from related companies	48	3,614
Club memberships	750	750
	134,244	138,591

Individual credit evaluations are performed on all customers requiring credit over a certain amount. Trade debtors are due within 30 days to 90 days from the date of billing.

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:

	2015 \$'000	2014 \$'000
Within 1 month	16,045	28,378
1 to 3 months	8,487	3,433
Over 3 months but within 6 months	5,659	48
Over 6 months	4,938	769
Total creditors and bills payable	<u>35,129</u>	<u>32,628</u>
Other payables and accrued charges	104,158	126,185
Amounts due to related companies	8,611	1,196
	<u><u>147,898</u></u>	<u><u>160,009</u></u>

12. Comparative figures

Staff costs of \$18,751,000 included in “administrative expenses” have been reclassified to “distribution costs” to conform with the current year’s presentation. The revised presentation better reflects the function of the expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

RECENT DEVELOPMENTS

In June 2014, the Group acquired a leasehold property located in the United Kingdom for a cash consideration of GBP13,880,000 (equivalent to HK\$181,354,000) and transaction costs of GBP771,000 (equivalent to HK\$10,077,000). Part of the property acquired with amount of HK\$78,705,000 is held to earn rental income or for capital appreciation purposes which is classified and accounted for as investment properties using the fair value model. The remaining part of the property is occupied as the head office of Aquascutum. Rental income from outsider was insignificant in the reporting period as the lease agreement with an independent third party was concluded in late of February 2015.

On 13 April 2015, the Group submitted to the Stock Exchange to apply for the listing of the shares of HKSPH on The Growth Enterprise Market of the Stock Exchange (“Proposed Spin-off”) by ways of placing of the shares of HKSPH with professional and institutional investors and distribution in specie whereby a portion of the entire issued share capital of HKSPH will be allocated to shareholders of the Group in proportion to their respective shareholding in the Group. HKSPH is wholly owned by the Group and is proposed to comprise an existing subsidiary of the Group which is principally engaged in the printing business. Should the Proposal Spin-off proceeds, it is currently expected that the Group’s percentage shareholdings in the issued share capital of HKSPH will be reduced to less than 50% following the completion of the Proposed Spin-off and that HKSPH will cease to be a subsidiary of the Group following such reduction.

RESULTS OF THE GROUP’S OPERATIONS

The impact of slowing Mainland China economy coupled with weaken Mainland China consumer market have carried into the year under review. The Group has faced unprecedented challenges and overall performance has been negatively impacted.

Group’s Operations

The Group’s turnover decreased by 11.7% to HK\$1,099,994,000 (2014: HK\$1,246,262,000). Total sales of garments, which is the Group’s core business, fell by 11.9% to HK\$967,043,000 (2014: HK\$1,097,576,000). Total licensing of trademarks income from external customers decreased by 16.7% to HK\$82,807,000 (2014: HK\$99,422,000). Total gross profit decreased by 13.9% to HK\$687,375,000 (2014: HK\$797,917,000). Overall gross profit margin decreased to 62.5% from 64.0% for the previous year.

Profit from operations decreased by 72.8% from HK\$185,056,000 for the previous year to HK\$50,407,000. Total operating expenses amounted to HK\$651,255,000 (2014: HK\$637,543,000), representing an increase of 2.2%. Total rental and other occupancy expenses of the Group increased by 6.3% to HK\$255,592,000 (2014: HK\$240,537,000) which accounted for 23.2% (2014: 19.3%) of the Group's turnover. Total staff costs, including directors' remuneration, decreased by 0.5% to HK\$238,372,000 (2014: HK\$239,451,000) and accounted for 21.7% (2014: 19.2%) of the Group's turnover. Total advertising and promotion expenses of the Group dropped by 19.7% to HK\$34,680,000 (2014: HK\$43,201,000) which accounted for 3.2% (2014: 3.5%) of the Group's turnover.

The Group's profit for the year decreased by 62.7% from HK\$221,650,000 for the previous year to HK\$82,725,000 which was due to gross profit decreased from HK\$797,917,000 for the previous year to HK\$687,375,000, legal and professional expenses for the Proposed Spin-off of HK\$4,575,000 and a reversal of provision for indemnity liabilities arising from disposal of interest in associate of HK\$30,024,000 in the previous year. Net valuation gains on investment properties of HK\$44,950,000 (2014: HK\$28,700,000) was recorded during the year ended 31 March 2015.

For the year under review, EBITDA of the Group was HK\$126,515,000 (2014: HK\$272,915,000) and EBITDA margin was 11.5% (2014: 21.9%).

Profit attributable to equity shareholders of the Company was HK\$81,095,000 (2014: HK\$218,702,000). Basic earnings per share decreased to HK\$0.49 (2014: HK\$1.32).

Cash Flow from Operations

For the year ended 31 March 2015, the Group generated HK\$8,605,000 cash from operations which decreased from HK\$159,795,000 of the previous year. Inventories as at 31 March 2015 increased to HK\$279,724,000 (31 March 2014: HK\$236,249,000); an increase of HK\$43,475,000 from the previous year end.

As at 31 March 2015, the Group had cash and bank deposits net of overdrafts of HK\$176,499,000 (31 March 2014: HK\$604,652,000), a decrease of HK\$428,153,000 after dividend payments of HK\$149,277,000 and payments for the acquisition of the leasehold property in the United Kingdom totaling HK\$191,431,000. At 31 March 2015, the Group had trading securities with a fair value of HK\$1,625,000 (31 March 2014: HK\$1,670,000).

During the year, in addition to the acquisition of the leasehold property in the United Kingdom, the Group spent approximately HK\$47,279,000 in additions and replacement of property, plant and equipment, compared to HK\$43,464,000 for the previous year.

GROUP'S FINANCIAL POSITION

The Group financed its operations by internally generated cashflows and banking facilities provided by its bankers. The Group continues to maintain a prudent approach in managing its financial requirements.

The Group's net assets as at 31 March 2015 were HK\$1,456,568,000 (31 March 2014: HK\$1,574,471,000). The Group's gearing ratio at the end of the reporting year was 0.009 (31 March 2014: 0.011) which was calculated based on total borrowings of HK\$12,360,000 (31 March 2014: HK\$16,803,000) and shareholders' equity of HK\$1,427,123,000 (31 March 2014: HK\$1,547,185,000). The Group's borrowings are mainly on a floating rate basis.

The Group also maintains a conservative approach to foreign exchange exposure management. The Group is exposed to currency risk primarily through income and expenditure streams denominated in United States Dollars, Pound Sterling, Euros, Renminbi Yuan and Japanese Yen. To manage currency risks, non Hong Kong Dollar assets are financed primarily by matching local currency debts as far as possible.

OPERATIONS REVIEW

Sales of Garments

	2015	2014	+ / (-)
	HK\$'000	HK\$'000	change
Revenue from sales of garments	967,043	1,097,576	-11.9%
Segment profit	35,505	142,838	-75.1%
Segment profit margin	3.7%	13.0%	-9.3 pp
Inventory turnover (days) (Note)	257.6	201.0	28.2%

Note: Inventory held at the year end divided by full year cost of sales times 365 days.

Sales of garments is the Group's principal business which is retailing and wholesaling of branded garments, leather goods and accessories. Total sales of the segment declined by 11.9% to HK\$967,043,000 (2014: HK\$1,097,576,000) and total segment profit decreased by 75.1% from HK\$142,838,000 for the previous year to HK\$35,505,000. Inventory turnover increased from 201.0 days for the previous year to 257.6 days.

Aquascutum apparel retail and wholesale business in the United Kingdom recorded a total sales from external customers of GBP9,869,000 (equivalent to HK\$122,968,000), representing an increase of 43.7% from GBP6,870,000 (equivalent to HK\$85,119,000) for the previous year.

Total sales of the segment in other areas, mainly the Greater China region, decreased by 16.6% to HK\$844,075,000 (2014: HK\$1,012,457,000).

Number of POSs by geographical locations as at 31 March

	Mainland		Hong Kong		Macau		Taiwan		Europe		Total	
	China											
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Aquascutum	135	137	12	10	4	4	26	29	14	11	191	191
Ashworth	42	47	12	12	5	3	8	6	-	-	67	68
J.Lindeberg	-	-	6	6	3	2	-	-	-	-	9	8
Michel Rene	-	-	3	3	-	1	-	-	-	-	3	4
Peak Performance	-	2	-	1	-	-	-	-	-	-	-	3
Guy Laroche	-	-	-	-	-	-	-	-	1	1	1	1
Total	177	186	33	32	12	10	34	35	15	12	271	275

As at the end of March 2015, the Group has a distribution network of 271 POSs in our operating market which reduced by 4 POSs from last year end. All Peak Performance POSs were closed the year under review. Among new shops opened during the year, an Aquascutum shop was opened at Jermyn Street in London in June 2014. The Aquascutum flagship shop in the Shoppes at Four Seasons in Macau was opened in September 2014.

The Group's manufacturing plant in Dongguan recorded an operating profit for the year under review as result of our continuous efforts on controlling costs.

Licensing of Trademark

The Group owns the global intellectual property rights of Guy Laroche and Aquascutum. Total income of licensing of trademarks from external customers decreased by 16.7% to HK\$82,807,000 (2014: HK\$99,422,000). Guy Laroche dropped by 11.1% in term of EUR from the previous year same period. Aquascutum decreased by 16.5% from the same period last year as a result of early termination of several license agreements in second half of last year due to financial difficulty of licensees.

Other Business

Security printing business recorded a slight decline in both sales to external customers and segment profit. On 13 April 2015, the Group submitted to the Stock Exchange to apply for the listing of the shares of HKSPH on The Growth Enterprise Market of the Stock Exchange ("Proposed Spin-off") by ways of placing of the shares of HKSPH with professional and institutional investors and distribution in specie whereby a portion of the entire issued share

capital of HKSPH will be allocated to shareholders of the Group in proportion to their respective shareholding in the Group. HKSPH is wholly owned by the Group and is proposed to comprise an existing subsidiary of the Group which is principally engaged in the printing business. Legal and professional expenses in respect of the Proposed Spin-off totaling HK\$4,575,000 were incurred during the year ended 31 March 2015.

Property rental income from external customers increased from HK\$2,911,000 for the previous year same period to HK\$4,540,000. Income from leasing of industrial buildings in Hong Kong from external customers is steady. The increase was due to income from leasing of newly acquired property in London.

OUTLOOK

Sales performance of the Group after the end of the reporting period is still poor signifying another weak year ahead. The Group will face a few more difficult years. Despite the number of Mainland China tourists increases, Hong Kong market will continue to be weak resulted from change in spending pattern especially in fashion products. With the exception of the mass and the growing middle class markets, Mainland China market maintains its weakness in the near future.

Despite continued macro-economic challenges, the Group is well positioned to expand its business internationally and will continue to push for new opportunities.

SHARE OPTION SCHEME

Pursuant to a share option scheme (the “Share Option Scheme”) adopted by the Company on 23 September 2004 and a resolution pass by the shareholders of the Company in the annual general meeting held on 19 September 2006, the Company may grant options to directors and employees of the Group and other eligible participants to subscribe for shares in the Company, subject to a maximum of 15,469,879 new shares. The Share Option Scheme expired on 22 September 2014 and no further options could thereafter be offered under the Share Option Scheme.

HUMAN RESOURCES

As at 31 March 2015, the Group had approximately 1,600 employees (31 March 2014: 1,600). The Group offers competitive remuneration packages including medical subsidies and retirement scheme contributions to its employees in compensation for their contribution. In addition, discretionary bonuses may also be granted to the eligible employees based on the Group’s and individuals’ performances.

DIVIDENDS

The Board had recommend the payment of a final dividend of 30 HK cents (2014: 80 HK cents) per ordinary share for the year ended 31 March 2015 at the forthcoming annual general meeting to be held on 16 September 2015. The final dividend totaling HK\$49,758,000 (2014: HK\$132,691,000), if approved by the shareholders, is expected to be paid on or around 5 October 2015 to those shareholders whose names appear on the register of members of the Company as at the close of business on 21 September 2015.

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 10 September 2015 to 16 September 2015, 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 share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no later than 4:30 p.m. on 9 September 2015.

The register of members of the Company will also be closed from 22 September 2015 to 24 September 2015, 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 5 October 2015 to be approved at the forthcoming annual general meeting, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by no

later than 4:30 p.m. on 21 September 2015.

CORPORATE GOVERNANCE

The Company had complied with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the year ended 31 March 2015.

Under Code Provision A.4.1, non-executive directors (including independent non-executive directors) should be appointed for a specific term, subject to re-election. However, the non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation and re-election in accordance with the Company's articles of association.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Securities Dealing Code regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("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 its Securities Dealing Code throughout the period under review.

AUDIT COMMITTEE

To comply with the revised Code of Best Practice as set out in Appendix 14 to the Listing Rules, the Company set up an audit committee (the "Audit Committee") with written terms of reference, for the purposes of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Audit Committee comprises four Independent Non-executive Directors.

The Audit Committee is mainly responsible for monitoring the integrity of the Company's financial statements, reviewing the Company's internal control system and its execution through the review of the work undertaken by the internal and external auditors, evaluating financial information and related disclosure; and reviewing connected transactions.

The Audit Committee has reviewed with management the consolidated financial statements for the year ended 31 March 2015, including the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year ended 31 March 2015. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The results announcement is published on the website of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and the website of the Company at www.ygmtrading.com under "Results Announcement". The annual report for the year ended 31 March 2015 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board
Chan Wing Fui, Peter
Chairman

Hong Kong, 23 June 2015

As at the date of this announcement the Board comprises seven Executive Directors, namely Mr. Chan Wing Fui, Peter, Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley, Mr. Fu Sing Yam, William, Mr. Chan Wing Kee, Mr. Chan Wing To and Mr. Andrew Chan; and four Independent Non-executive Directors, namely Mr. Leung Hok Lim, Mr. Lin Keping, Mr. Sze Cho Cheung, Michael and Mr. Choi Ting Ki.