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## YGM TRADING LIMITED

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 00375)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

The board of directors (the “Board”) of YGM Trading Limited (the “Company”) hereby announces the unaudited interim results of the Company and its subsidiaries (together referred to as “the Group”) for the six months ended 30 September 2024 as follows. The interim results have not been audited, but have been reviewed by the Company’s audit committee (the “Audit Committee”).

#### CONSOLIDATED STATEMENT OF PROFIT OR LOSS – UNAUDITED

*(Expressed in Hong Kong dollars)*

	Note	Six months ended 30 September	
		2024	2023
		\$'000	\$'000
<b>Revenue</b>	3 & 4	<b>88,524</b>	106,574
Cost of sales and direct costs		<u>(33,944)</u>	<u>(30,061)</u>
<b>Gross profit</b>		<b>54,580</b>	76,513
Other net gain/(loss)		7,516	(1,669)
Distribution costs		<u>(40,463)</u>	<u>(55,388)</u>
Administrative and other operating expenses		<u>(22,837)</u>	<u>(25,294)</u>
<b>Loss from operations</b>		<b>(1,204)</b>	(5,838)
Finance costs	5(a)	<u>(1,330)</u>	<u>(1,734)</u>
<b>Loss before taxation</b>	5	<b>(2,534)</b>	(7,572)
Income tax expenses	6	<u>(80)</u>	<u>(362)</u>
<b>Loss for the period</b>		<u><b>(2,614)</b></u>	<u>(7,934)</u>
<b>Attributable to :</b>			
Equity shareholders of the Company		<b>(2,086)</b>	(7,431)
Non-controlling interests		<u>(528)</u>	<u>(503)</u>
<b>Loss for the period</b>		<u><b>(2,614)</b></u>	<u>(7,934)</u>
<b>Loss per share</b>	8		
Basic and diluted		<u><b>(1.3 cents)</b></u>	<u>(4.5 cents)</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 – UNAUDITED**

*(Expressed in Hong Kong dollars)*

	<b>Six months ended 30 September</b>	
	<b>2024</b>	<b>2023</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Loss for the period</b>	<b>(2,614)</b>	<b>(7,934)</b>
<b>Other comprehensive income for the period (after tax and reclassification adjustment of \$Nil)</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of financial statements of subsidiaries outside Hong Kong	<u>6,708</u>	<u>(958)</u>
<b>Other comprehensive income for the period</b>	<u>6,708</u>	<u>(958)</u>
<b>Total comprehensive income for the period</b>	<u>4,094</u>	<u>(8,892)</u>
<b>Attributable to :</b>		
Equity shareholders of the Company	4,622	(8,206)
Non-controlling interests	<u>(528)</u>	<u>(686)</u>
<b>Total comprehensive income for the period</b>	<u>4,094</u>	<u>(8,892)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

*(Expressed in Hong Kong dollars)*

		30 September 2024 \$'000	31 March 2024 \$'000
	Note		
<b>Non-current assets</b>			
Investment properties	9	199,172	189,023
Other property, plant and equipment		<u>35,995</u>	<u>58,541</u>
		235,167	247,564
Intangible assets		133,442	133,442
Rental deposits		1,958	6,132
Deferred tax assets		<u>32</u>	<u>55</u>
		<u>370,599</u>	<u>387,193</u>
<b>Current assets</b>			
Trading securities		8,644	9,579
Inventories		34,016	38,186
Trade and other receivables	10	36,409	32,919
Current tax recoverable		313	339
Cash and cash equivalents		<u>101,985</u>	<u>103,397</u>
		<u>181,367</u>	<u>184,420</u>
<b>Current liabilities</b>			
Trade and other payables	11	42,035	42,679
Contract liabilities		2,183	4,520
Lease liabilities		20,565	33,573
Dividends payable	7	16,586	-
Current tax payable		<u>142</u>	<u>37</u>
		<u>81,511</u>	<u>80,809</u>
<b>Net current assets</b>		<u>99,856</u>	<u>103,611</u>
<b>Total assets less current liabilities</b>		<u>470,455</u>	<u>490,804</u>
<b>Non-current liabilities</b>			
Lease liabilities		23,642	31,448
Deferred tax liabilities		<u>892</u>	<u>943</u>
		<u>24,534</u>	<u>32,391</u>
<b>NET ASSETS</b>		<u>445,921</u>	<u>458,413</u>
<b>CAPITAL AND RESERVES</b>			
Share capital		383,909	383,909
Reserves		<u>56,335</u>	<u>68,299</u>
<b>Total equity attributable to equity shareholders of the Company</b>		<u>440,244</u>	<u>452,208</u>
<b>Non-controlling interests</b>		<u>5,677</u>	<u>6,205</u>
<b>TOTAL EQUITY</b>		<u>445,921</u>	<u>458,413</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”) (“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 2024.

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 2024, 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 2025. Details of these changes in accounting policies are set out in note 2.

The preparation of this 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 and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial results contain consolidated statement of financial position as at 30 September 2024 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 2024. 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 2024 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) (the “Companies Ordinance”) is as follows:

The Company has delivered the financial statements for the year ended 31 March 2024 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 2024. 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**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to this interim financial results for the current accounting period:

Amendments to HKAS 1	Classification of liabilities as current or non-current
Amendments to HKAS 1	Non-current liabilities with covenants
Amendments to HKFRS 16	Lease liability in a sale and leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

The Group has assessed the impact of the adoption of the above amendments and considered that there was no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

### 3. Segment reporting

#### (a) Segment results, assets and liabilities

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: wholesaling and retailing of garments.
- Licensing of trademarks: management and licensing of trademarks for royalty income.
- Printing and related services: provision of security printing and sale of printed products.
- Property rental: leasing of properties to generate rental income.

The measure used for reporting segment profit/loss is "EBITDA", i.e. "earnings before interest, taxes, depreciation and impairment loss on non-current assets", where "interest" includes investment income.

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:

	Sales of garments		Licensing of trademarks		Printing and related services		Property rental		Total	
	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000	2024 \$'000	2023 \$'000
For the six months ended 30 September										
Revenue from external customers	59,514	78,284	10,641	9,128	13,495	14,325	4,874	4,837	88,524	106,574
Inter-segment revenue	-	-	-	395	10	10	1,212	1,212	1,222	1,617
<b>Reportable segment revenue</b>	<b>59,514</b>	<b>78,284</b>	<b>10,641</b>	<b>9,523</b>	<b>13,505</b>	<b>14,335</b>	<b>6,086</b>	<b>6,049</b>	<b>89,746</b>	<b>108,191</b>
<b>Reportable segment profit/(loss)</b>	<b>6,188</b>	<b>7,437</b>	<b>3,698</b>	<b>3,114</b>	<b>625</b>	<b>386</b>	<b>4,331</b>	<b>(167)</b>	<b>14,842</b>	<b>10,770</b>
As at 30 September / 31 March										
<b>Reportable segment assets</b>	<b>461,150</b>	<b>495,338</b>	<b>147,494</b>	<b>147,113</b>	<b>13,388</b>	<b>14,028</b>	<b>211,901</b>	<b>202,080</b>	<b>833,933</b>	<b>858,559</b>
<b>Reportable segment liabilities</b>	<b>440,813</b>	<b>471,831</b>	<b>12,846</b>	<b>14,356</b>	<b>5,314</b>	<b>5,189</b>	<b>15,520</b>	<b>14,300</b>	<b>474,493</b>	<b>505,676</b>

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

	Six months ended 30 September	
	2024 \$'000	2023 \$'000
Reportable segment profit	14,842	10,770
Interest income on financial assets measured at amortised cost	1,507	1,191
Depreciation	(17,673)	(19,818)
Finance costs	(1,330)	(1,734)
Unallocated head office and corporate income	120	2,019
<b>Consolidated loss before taxation</b>	<b>(2,534)</b>	<b>(7,572)</b>

#### 4. Seasonality of operations

The Group's sales of garments division on average experiences higher sales in the second half year, compared to the first half year, due to the increased demand of its products during the holiday season. As such, the first half year reports lower revenue and segment result for this segment than the second half.

For the twelve months ended 30 September 2024, the sales of garments division reported reportable segment revenue of \$161,679,000 (twelve months ended 30 September 2023: \$178,872,000) and reportable segment profit of \$24,414,000 (twelve months ended 30 September 2023: \$23,459,000).

#### 5. Loss before taxation

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

	Six months ended 30 September	
	2024	2023
	\$'000	\$'000
<b>(a) Finance costs</b>		
Interest on lease liabilities	<u>1,330</u>	<u>1,734</u>
<b>(b) Other items</b>		
Depreciation charge		
- owned property, plant and equipment	2,024	1,610
- right-of-use assets	15,649	18,208
Gain on disposal of other property, plant and equipment	(711)	-
Impairment loss on trade debtors	436	132
Reversal of impairment loss on trade debtors	(942)	(302)
Write-down/(reversal of write-down) of inventories, net	1,811	(1,365)
Gain on disposal of trading securities	(18)	-
Change in fair value of trading securities	(11)	(66)
Net exchange (gain)/loss	(4,526)	4,065
Interest income	<u>(1,507)</u>	<u>(1,191)</u>

#### 6. Income tax expenses

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

	Six months ended 30 September	
	2024	2023
	\$'000	\$'000
Current tax - Hong Kong Profits Tax	(106)	(403)
Current tax - Outside Hong Kong	-	10
Deferred tax	<u>26</u>	<u>31</u>
	<u>(80)</u>	<u>(362)</u>

The provision for Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) of the estimated assessable profits for the period.

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

The corporate tax rate applicable to the Group's operations in the United Kingdom is 19% (2023: 19%) for the period.

The Corporate Income Tax rate applicable to the Group's operations in Mainland China is 25% (2023: 25%) for the period.

Under the tax law of the People's Republic of China ("PRC"), a 10% withholding tax shall be levied on dividends declared to foreign investors, however, only the dividends attributable to the profits of the financial period starting from 1 January 2008 will be subject to withholding tax. A lower withholding tax rate may be applied if there is a tax treaty arrangement between the PRC and the jurisdiction of the foreign investor. Pursuant to a double tax arrangement between Mainland China and Hong Kong, the Group is subject to a withholding tax at a rate of 5% for any dividend payments from its PRC subsidiaries in Mainland China.

## **7. Dividends**

(a) *Dividend payable to equity shareholders of the Company attributable to the interim period:*

No interim dividend declared and paid after the interim period end (2023: Nil).

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

Final dividend of 10 cents per ordinary share in respect of the year ended 31 March 2024 amounted to \$16,586,000 was approved in the Company's Annual General Meeting on 27 September 2024. The dividend was paid on 23 October 2024.

Final dividend of 10 cents per ordinary share in respect of the year ended 31 March 2023 amounted to \$16,586,000 was approved in the Company's Annual General Meeting on 22 September 2023. The dividend was paid on 16 October 2023.

## **8. 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 \$2,086,000 (2023: \$7,431,000) and 165,864,000 (2023: 165,864,000) ordinary shares in issue during the period.

(b) *Diluted loss per share*

There were no potential dilutive ordinary shares outstanding during the periods ended 30 September 2024 and 2023. Accordingly, the diluted loss per share is the same as basic loss per share.

## **9. Investment properties**

The directors are of the opinion that no professional valuation is necessary in respect of the Group's investment properties as at 30 September 2024. However, the directors have considered that the fair values of the investment properties as at 30 September 2024 would not be materially different from the professional valuation made as at 31 March 2024 and, accordingly, no valuation gain or loss has been recognised in the current period.

## 10. Trade and other receivables

At the end of the reporting period, the ageing analysis of trade debtors (net of loss allowance) based on invoice date is as follows:

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b>\$'000</b>	<b>\$'000</b>
Within 1 month	<b>6,482</b>	14,449
Over 1 month but within 2 months	<b>2,464</b>	563
Over 2 months but within 3 months	<b>774</b>	578
Over 3 months but within 12 months	<b>2,911</b>	1,267
Over 12 months	<b>15</b>	-
Trade debtors, net of loss allowance	<b>12,646</b>	16,857
Deposits, prepayments and other receivables	<b>22,035</b>	14,334
Employee retirement benefits	<b>1,728</b>	1,728
	<b>36,409</b>	32,919

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 and contract liabilities

At the end of the reporting period, the ageing analysis of trade creditors based on invoice date is as follows:

	<b>30 September</b>	31 March
	<b>2024</b>	2024
	<b>\$'000</b>	<b>\$'000</b>
Within 1 month	<b>9,316</b>	9,031
Over 1 month but within 3 months	<b>2,904</b>	1,280
Over 3 months but within 6 months	<b>10</b>	105
Over 6 months	<b>170</b>	133
Trade creditors	<b>12,400</b>	10,549
Other payables and accrued charges	<b>28,652</b>	31,993
Amounts due to related company	<b>983</b>	137
	<b>42,035</b>	42,679

## INTERIM DIVIDEND

The Board has resolved not to declare the payment of interim dividend for the period ended 30 September 2024 (2023: Nil).

## BUSINESS REVIEW AND PROSPECTS

The Group's revenue for the period dropped by 16.9% to HK\$88,524,000 (2023: HK\$106,574,000). This downturn is primarily due to reduced retail sales in Mainland China, following the initiation of a new trademark license agreement for that region. This strategic licensing arrangement enables the Group to maintain the Ashworth brand's presence in the Mainland China market. By doing so, the Group can capitalise on potential opportunities while mitigating the risks involved in directly managing retail operations. This approach reflects a strategic pivot towards leveraging brand strength and market presence without the complexities and liabilities of direct retail management.

As at the end of September 2024, the Group operates a distribution network of 34 points of sale, with 27 in Hong Kong, 5 in Macau and 2 in Taiwan. We will approach store network expansion with caution.

The Group currently holds global intellectual property rights for Guy Laroche and Ashworth. Ashworth has achieved a significant milestone by entering into a new licensing agreement and is actively pursuing additional business partnerships on a global scale. Guy Laroche continues to achieve higher income with its worldwide licensing system. Despite these challenges, total income from licensing trademarks has risen to HK\$10,641,000, up from HK\$9,128,000 in 2023. This increase underscores the strength and strategic value of our intellectual property assets, reflecting our commitment to leveraging these assets for sustained growth and competitive advantage. As we move forward, our focus remains on expanding our market presence and enhancing our partnerships worldwide to drive further success.

Total revenue from security printing dropped to HK\$13,495,000 (2023: HK\$14,325,000). The printing industry is currently encountering significant challenges due to the rise of digitisation, increased competition, fluctuating economic conditions, environmental concerns and rapid technological advancements. These factors are compelling businesses within the sector to reassess their strategies and operations. To maintain competitiveness and ensure sustainability in this evolving landscape, it is imperative for companies to adapt by aligning with changing customer preferences and exploring opportunities for differentiation.

Our London office building is fully occupied. Rental income from external tenants slightly increased to HK\$4,874,000 (2023: HK\$4,837,000). We anticipate a stable income stream in the coming years.

The overall gross profit margin has decreased to 61.7% from 71.8% in the previous year. Despite this reduction, we experienced a significant exchange gain and a decrease in distribution costs, leading to a reduction in the Group's operational loss to HK\$1,204,000 compared to HK\$5,838,000 in the same period last year. In response to the evolving market conditions and customer preferences, we have implemented strategic adjustments to our discount and promotion policies as well as optimised our product mix. Our commitment to customer satisfaction remains unwavering and we are dedicated to delivering high-quality products and services that align with our customers' needs. These initiatives are part of our ongoing efforts to adapt effectively and ensure sustained business growth in a competitive environment.

Given the current global uncertainties, including the Middle East conflict, the Russia-Ukraine situation and the potential economic impacts of a change in U.S. presidency, it is essential to adopt a proactive approach to ensure business stability. The management acknowledges these challenges and emphasises the importance of strategic cash management to safeguard long-term sustainability. By focusing on stringent cost control measures and maintaining a disciplined approach to working capital, we can effectively navigate these turbulent times. Prioritising these financial strategies will enable us to remain resilient and adapt to the evolving economic landscape. Through careful planning and execution, we aim to uphold the stability of our operations and continue to thrive despite external pressures.

## **LIQUIDITY AND 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.

As at 30 September 2024, the Group had cash and bank deposits of HK\$101,985,000 (31 March 2024: HK\$103,397,000) and held trading securities at fair value of HK\$8,644,000 (31 March 2024: HK\$9,579,000).

During the period, the Group spent approximately HK\$16,000 in additions and replacement of owned property, plant and equipment, compared to HK\$1,466,000 for the last year same period.

The Group's net assets as at 30 September 2024 were HK\$445,921,000 (31 March 2024: HK\$458,413,000). The Group's gearing ratio at the end of the reporting period was 0.100 (31 March 2024: 0.144) which was calculated based on total borrowings of HK\$Nil (31 March 2024: HK\$Nil) and lease liabilities of HK\$44,207,000 (31 March 2024: HK\$65,021,000) and shareholders' equity of HK\$440,244,000 (31 March 2024: HK\$452,208,000).

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

## **EMPLOYMENT AND REMUNERATION POLICIES**

As at 30 September 2024, the Group had approximately 200 employees. 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.

## **CORPORATE GOVERNANCE PRACTICES**

In the opinion of the Board, the Company has complied throughout the period ended 30 September 2024 with the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, except that the non-executive directors were not appointed for a specific term but are subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a Securities Dealing Code regarding directors' 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 C3 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**

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 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 2024.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the period ended 30 September 2024.

## **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.ygmtrading.com](http://www.ygmtrading.com) under "Results Announcement". The interim report for the period ended 30 September 2024 will be dispatched to the shareholders and published on the above websites in due course.

By Order of the Board  
**Chan Wing Sun, Samuel**  
Chairman

Hong Kong, 29 November 2024

*As at the date of this announcement the Board comprises five executive Directors, namely Mr. Chan Wing Sun, Samuel, Madam Chan Suk Ling, Shirley, Mr. Fu Sing Yam, William, Mr. Chan Wing Fui, Peter and Mr. Chan Wing Kee, and three independent Non-executive Directors, namely Mr. Choi Ting Ki, Mr. So Stephen Hon Cheung and Mr. Li Guangming.*